

BUSINESS WEEK

What's Happening to
the Housing Boom

PAGE 19



A MCGRAW HILL PUBLICATION

AUG. 12, 1950

TWENTY FIVE CENTS



Smart buyers of lowest price cars say...

NOW 4 TO SEE INSTEAD OF 3

**The Studebaker Champion
is one of the 4 lowest price
largest selling cars
in America!**

\$1487⁵⁰

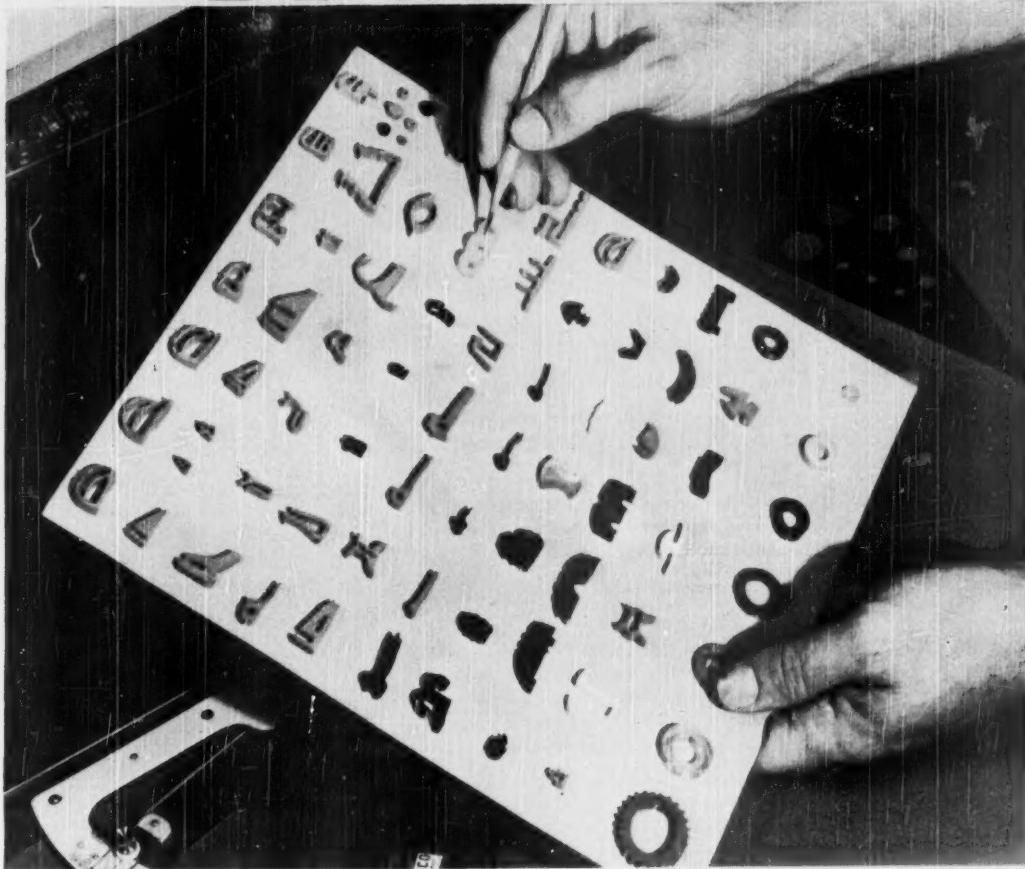
Studebaker Champion
Custom 6-pass. 2-door
sedan as shown

This is the South Bend delivered price
and includes Federal Tax.
It does not include transportation
from South Bend or state and
local taxes, if any.

Comparably low prices on other
Studebaker Champion Custom
models—4-door sedan, 3-pass.
Starlight coupe, business coupe

Prices subject to change
without notice

B.F. Goodrich



Look what you can squeeze out of Koroseal

A typical example of B. F. Goodrich product improvement

THOSE 3 circles on the board represent a new way to air condition rooms via hose . . . another is a carpet sweeper bumper that stays soft and protective . . . one is upholstery Weltng that stays flexible longer . . . a refrigerator door seal made with extreme precision . . . everything on that board represents a new or better product made possible by the special qualities of Koroseal flexible material.

How many other things can it do? You business men with product problems can probably think of even

more ways to use it than we can.

Koroseal flexible material can be made in dozens — even hundreds — of forms: sheets, films, coatings, tubes or special shapes, any thickness or size, can be laminated to paper, cloth, foil, may have a high-gloss finish or pattern or "grain". Can be sealed with heat.

In most forms it even resists flame — will burn only while actually held in flame, goes out when flame is removed.

It's waterproof, easy to clean in furniture upholstery, bus seats, truck or car seats. Most dirt comes off with a

swish of a damp cloth. Or you can use soap and water as often as you wish. It's nearly scuffproof, looks like new long after others would be scratched and worn.

If these qualities would add to your product's value and salability (they have done just that for scores of others) write *The B. F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal—Trade Mark—Reg. U. S. Pat. Off.

B.F. Goodrich
Koroseal Flexible Materials

Here's to Health and

GOOD FOOD for America's dinner table—3 times a day . . .

Takes a lot of cooks—quite a pantry!

It means production of 292,000,000 tons of foodstuffs a year...fresh, packaged, canned, frozen and dried.

It means farmer, packer, canner, processor, working together—all American food industries in high gear.

One U. S. company aids them all—Allis-Chalmers.

Allis-Chalmers machinery helps in almost every phase of food production and protection—with machinery and equipment for the farm, the processing and refrigeration industries, transportation and packaging.

In fact, there's hardly an industry contributing to your good living today that isn't served at some point by Allis-Chalmers.

ALLIS-CHALMERS MANUFACTURING COMPANY
901 South 70th Street, Milwaukee 1, Wisconsin

A-C Machines and Equipment Help Process Food...Many Other Products for Good Living



New flour mill in California installed 31 of these Allis-Chalmers straight-line, all metal double roller mills with air pressure controlled rolls . . . for uniform product . . . easy cleaning.

Breakfast food maker uses Allis-Chalmers electronic Metal Detector to make sure no packages contain stray metal particles . . . magnetic or non-magnetic. Also used in candy, gum, tobacco, pharmaceutical plants.



Refrigeration plants enjoy the traditional reliability of Allis-Chalmers motors. These motors drive compressors year in and year out in places like this where dependability means reduced spoilage, lower costs.

PROSPERITY AND POWER!

America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power.



Happiness...

ALLIS-CHALMERS

One of the Big 3 in Electric Power Equipment—
Biggest of All in Range of Industrial Products





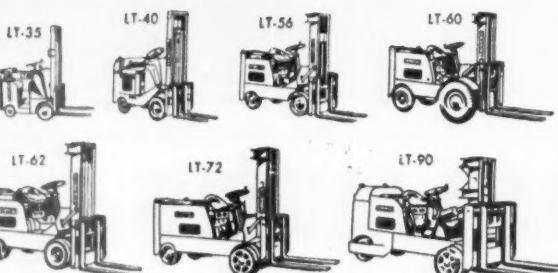
Skyscrapers were built for the same reason!

High cost of ground area made it far cheaper for skyscrapers to go *up* instead of spreading out. Towmotor HIGH STACKING offers the same cost-saving opportunity to industry. Towmotors stack *ceiling-high*, save valuable warehouse space, free floor areas for needed production lines. Cut production costs, increase profits—write for "Handling Materials Illustrated." Towmotor Corporation, Div. 2, 1226 E. 152nd St., Cleveland 10, Ohio. Representatives in all Principal Cities in U.S. and Canada.



TOWMOTOR
THE ONE-MAN GANG

**FORK LIFT TRUCKS
and TRACTORS**



7 OF THE 12 STANDARD MODELS FOR HANDLING 1500 TO 15,000 LB. LOADS

BUSINESS WEEK

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BUSINESS WEEK • Aug. 12, 1950



EVEN NIMBLE FINGERS CAN'T COMPETE WITH MAGNETIC BIT HOLDERS ON SCREW DRIVING JOBS

AN ADAPTATION OF KELLER AIR TOOLS

Again, mechanical ingenuity outstrips clever human fingers. A quick z-z-z-t motion with the magnetic "nose" of a Keller screw driver, and operators pick up tiny screws from a box, drive them into plastic knobs . . . in one swift movement.

Time was, though, when material used for the "nose" or bit, refused to hold magnetism. Screws dropped off before they could be applied to the work. Bits had to be changed frequently . . . were forever traveling from production line to toolroom for remagnetizing.

Then Keller engineers designed a magnetic bit holder around a permanent-type magnet that would not lose strength through vibration or use. Magnetic strength was great enough to hold the screw securely on the end of the bit for driving. The new design accommodated inexpensive standard insert bits and simplified changing, as only the magnet was required to hold bits in place.

In the picture above, you see these screw drivers at work driving Phillips' screws in plastic knobs secured to levers on car heater control unit.

Today, Keller's Magnetic Bit Holder eliminates replacement of demagnetized bits; makes screw driving easy . . . even in out-of-the-way places; soothes operators' frayed nerves, as the tiniest screws are picked up and held snugly to the magnetized driver "nose."

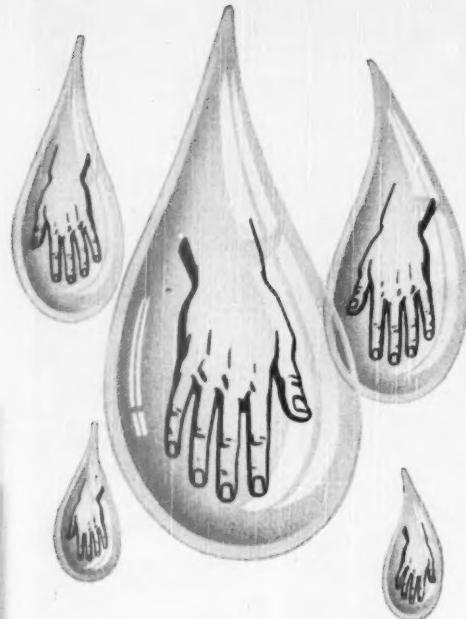
★ ★ ★

In addition to specially designed air tools, Keller's standard line of air hoists, screw drivers, nut setters, die grinders, chipping hammers, and other work-saving power hand tools are speeding production at low cost.



Air Tools engineered to industry

KELLER TOOL COMPANY, GRAND HAVEN, MICH.



It gives water a thousand cleaning fingers

WYANDOTTE Krelon makes water wetter. This versatile synthetic detergent takes off water's mittens and gives it a thousand tiny fingers. These penetrate textile fibers faster and deeper. Then grab the dirt and whisk it away.

So Krelon finds many uses in the textile industry and in compounds for laundry and dry cleaning plants. Other compounds, employing Krelon, are equally efficient in cleaning buses, railway coaches, office buildings; and in household products for cleaning dishes, windows and walls.

More and more manufacturers of these industrial and household compounds are including "high light" Krelon in their formulas. White

in color, it makes a clear, practically colorless solution. They like its lack of odor, too. Its free-flowing flakes or powder offer guaranteed detergency — even in hard water. And it contains a minimum of 40% active organic agent.

Because of its unique wetting action and other properties, Krelon also finds use in the production of leather, rubber, coal and insecticides. In the paper industry, it increases the absorbency of tissue and blotting paper.

Get the full details on the properties and applications of this versatile Wyandotte chemical. Write to our Technical Service Department.

Wyandotte Chemicals Corporation

Wyandotte, Mich. • Offices in Principal Cities

"Krelon" Reg. U. S. Pat. Off.

ORGANIC AND INORGANIC CHEMICALS

Wyandotte Chemicals Corporation is one of the world's major producers of soda ash, caustic soda, bicarbonate of soda, chlorine, dry ice and calcium carbonate. Wyandotte produces glycols and related compounds, certain aromatic sulfonic acid derivatives and other organic intermediates. Wyandotte is also the world's largest manufacturer of specialized cleaning compounds for business and industry.



REG. U. S. PAT. OFF.

Highlights In This Issue

It Just Won't Die

- The housing boom, that is. The crackdown on mortgage credit won't be able to keep housing from breaking all records this year. P. 19

Limitation Orders

- A couple of them are already to be issued as soon as Congress approves control legislation. There'll be more behind them. P. 21

Planes: How Many, How Soon?

- BUSINESS WEEK measures the size of the new 69 group Air Force. Who will get the orders—how soon can they deliver? P. 22

How Industry Spends

- Companies today are putting new capital-spending proposals through a more careful screening process. P. 31

Electroforming's New Tricks

- The electroforming process is due for another lift. It's cheap, efficient, and a whole raft of new uses are popping up now. P. 44

Ohio's Very Own

- That's Sohio. The big oil company in the small state-size market, its secret is the local touch in selling. P. 58

How Do You Sell to Women?

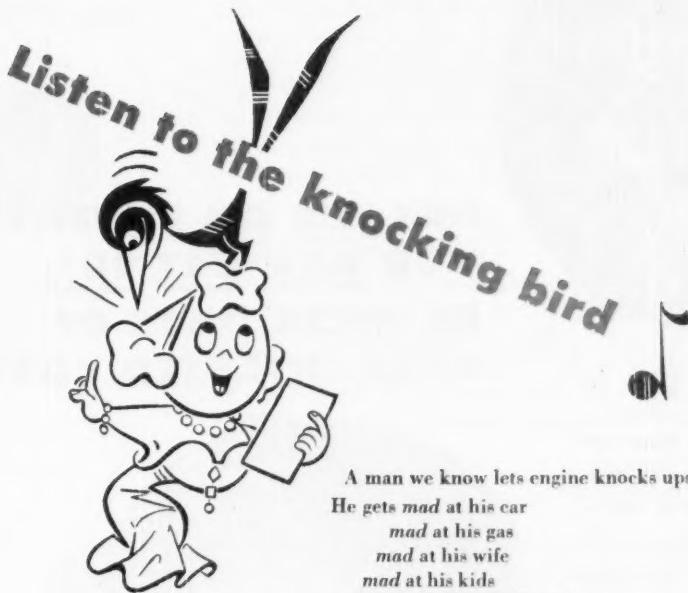
- Revlon's formula: a quality product, smart words to describe it, a little Freud mixed in. P. 70

Who Bought United Artists?

- Nobody knows who backed the McNutt syndicate or how much was paid out in cash. P. 78

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A man we know lets engine knocks upset him.
He gets *mad* at his car
 mad at his gas
 mad at his wife
 mad at his kids
 mad at his folks in Peoria.

Of course, our lab handles engine knocks somewhat more scientifically. Our experts listen, study, think and experiment. That way, they've improved Phillips gasoline. And equipment they've developed, like our Phillips Detonation Meter, is widely used by other companies in fuel and engine labs.

When you want plenty of highway horsepower for your truck or bus fleet—horsepower that sings along sweetly under the hood—call on us for a bid on your gallonage. K. S. Adams, President, Phillips Petroleum Company, Bartlesville, Oklahoma.



PHILLIPS PETROLEUM COMPANY
Bartlesville, Oklahoma

WE PUT THE POWER OF PETROLEUM AT YOUR SERVICE

Cost of Industrial Eye Accidents

UP *78½%

*SINCE 1939

**BUT IT'S AN EXPENSE
YOU CAN CUT 98%
IN THESE DAYS OF
STILL INFLATED COSTS!**

At a \$15 average, even a *minor* eye accident costs too much in lost time, idle machine time and medical care—even in periods of normal costs.

Today, like everything else, eye injury costs are UP—but *unlike* everything else, THEY CAN BE CUT, DRASTICALLY.

98% of eye accidents are preventable when workers wear SAFETY GOGGLES, according to The Society for the Prevention of Blindness...and management has found the costs of the protection infinitesimal as compared to the costs of injuries saved. Your nearest AO Safety Representative can show you many case histories in *your* industry alone which prove conclusively that adequate protection pays off. Ask him to call.



Safety Products Division of

American  Optical

COMPANY

SOUTHBRIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES



BUSINESS OUTLOOK

BUSINESS WEEK
AUGUST 12, 1950



Inventory controls, as now mapped by Washington, will mean a lot of paper work. But they won't mean much else.

The plain fact is that inventories aren't big enough to be affected by controls. Manufacturers haven't been able to build much inventory this summer. Demand for goods was so high—even before Korea—that stocks still were valued at only \$32-billion in June.

That compares with a postwar peak of \$34½-billion early last year. And factory output then was much less than it is now—and declining.

Plant inventories remain low in terms of new orders and the value of goods actually shipped.

Dollar value of inventories now is up only \$1½-billion from last year's low. In contrast, new orders received in June totaled \$22½-billion, up from \$16¾-billion at the 1949 bottom.

Value of goods shipped, at \$21-billion, is below the rate of new orders. But it's up from a monthly low of \$16.8-billion last year.

It's hard to build inventories when you are shipping products out that fast.

And, with output high, stocks are low in terms of days' supply. That's why a government limit on days' supply won't hit very hard.

While manufacturers were rushing to catch up with orders, wholesalers were able to accumulate some goods—at least before the recent rush of consumer buying.

The June figures, though stale now, set a new high for 1950. Wholesalers had about 4% more inventory than a year ago. But wholesale sales were up 15% from June of last year.

Your sweet tooth is going to fare just as well as that of the person who hoarded sugar. There just isn't going to be any shortage this year.

Around 8.3-million tons of sugar will be available, including the last of Cuba's disposable supply, totaling 600,000 tons. That's way more than disappeared even in record-breaking 1941—when hoarding was rife.

What made this big stock possible is the third largest Cuban crop on record—6,125,000 tons in 1950.

July probably set the high water mark for the 1949 construction boom (page 19). Shortages of building materials will slow up activity from here on.

In fact, it's hard to see how any coming month could do very much better than July's \$2.6-billion total for all construction—unless prices go kiting. That compares with \$2¼-billion for June and a 1948 peak of \$1,633-million.

Home building continues the pace setter. The phenomenal housing starts of May and June pushed the value of work put in place on new houses to more than \$1.1-billion last month. That's \$80-million ahead of June and compares with \$659-million in July, 1948.

Value of factory construction shows that industry is still increasing its capital expenditure plans. Even the midyear estimates of capital spending are too low now.

Work put in place on new plants in July is estimated at \$83-million—

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
AUGUST 12, 1950

that topped the June figure by 6% and ran 15% ahead of a year earlier.

The steel rate slid down under 100% of capacity this week (to 99.9%).
But it's only statistical legerdemain.

Ordinarily, theoretical capacity of the industry is figured as of the beginning of the year. New plants put in operation during the year don't count until the beginning of the following year.

This year the steel industry switched horses in the middle of the stream.
Starting this week, output will be based on the July 1 capacity—100,563,-
500 tons annually.

Figured on the old base, this week's rate would be 101.1%.

The tightening labor market is beginning to show up in unemployment-insurance statistics. Initial unemployment claims have finally begun to work back down to the 1948 levels.

Toward the end of July, there were less workers putting in for "comp" than anytime since November, 1948. And until June of this year, November, 1948, was also the postwar peak in industrial activity.

"Anticipatory" buying keeps the metal markets screwed down tight—
even in lead and tin, both plentiful just a short time ago.

End-of-July stocks in zinc plummeted to less than 20,000 tons. That's only about a week's supply at today's consumption rates.

The continuous car-buying program of the nation's railroads is off to a jet-propelled start. New orders for 30,065 freight cars in July were the highest monthly total since the early 1920's.

The roads ordered only 2,195 cars in June. And in July, 1949, only 408 orders were booked.

The current increases in truck and automobile tire prices were in the cards. Spot rubber prices soared 27% the week of the price boost.

And even at these prices, nobody was anxious to sell.

No serious gasoline shortages are likely unless and until military needs are boosted substantially. But aviation high-octane needs will suspend the automotive race for high-compression engines.

Crude-oil output this month is expected to average about 5.6-million bbl. a day. Add onto that 700,000 to 800,000 of imports. The total is more than we have ever used in war or peace.

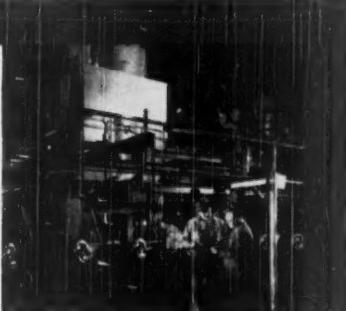
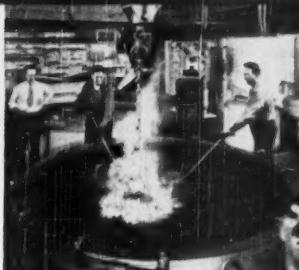
Besides, Texas probably still can boost output 600,000 bbl. a day without going in for wasteful production. That's a nice cushion.

West Coast gasoline prices are threatening to rise again. Improved demand in July brought two price hikes. That put the cost of a barrel of gas almost back to last year's level.

West Coast fields account for but 20% of total production, yet supply about 40% of defense needs. Now, in addition, they may have to fuel the Korean war. And San Diego dealers, quick to slash prices last year when stocks were building up, have hiked gasoline prices by 2¢ a gallon.

99 OUT OF 100 METALWORKING PLANTS

can save with these Gulf Quality Oils and Greases



GULF CUTTING OILS

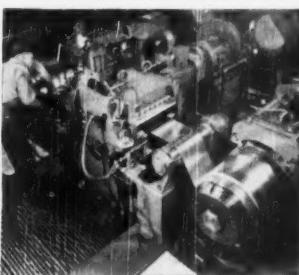
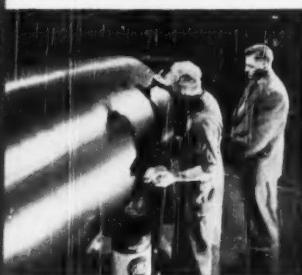
Gulf's complete line meets the requirements of every job in your shop. Let us demonstrate their superior performance.

GULF SUPER-QUENCH

A superior quenching oil which provides intensified dual action! Result: more uniform hardness, fewer rejects.

GULF HYDRAULIC OILS

The proper oil for every hydraulic metalworking machine—protection against rust, sludge, and excessive wear.



GULF RUST PREVENTIVES

Both oil and petrolatum types for every method of application, type of metal, condition of storage or shipment, and method of removal.

GULF METALWORKING OILS

Specially compounded oils for rolling, drawing, and forming operations on ferrous and non-ferrous metals.

GULF LUBRICATING OILS AND GREASES

Insure maximum protection for every machine in your shop—with a minimum of different lubricants.

It will pay you to investigate their application in your plant.

Call in a Gulf Lubrication Engineer today.

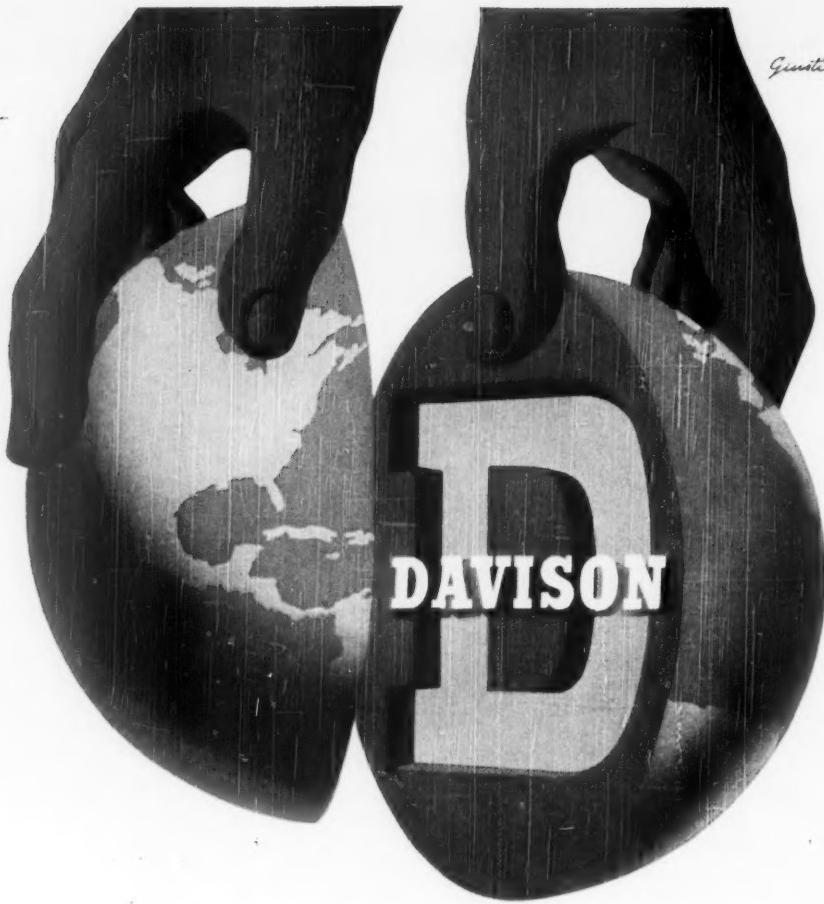
Gulf Oil Corporation - Gulf Refining Company

GULF BUILDING, PITTSBURGH, PA.

Sales Offices - Warehouses

Located in principal cities and towns throughout
Gulf's marketing territory





The heart of the chemical revolution . . .

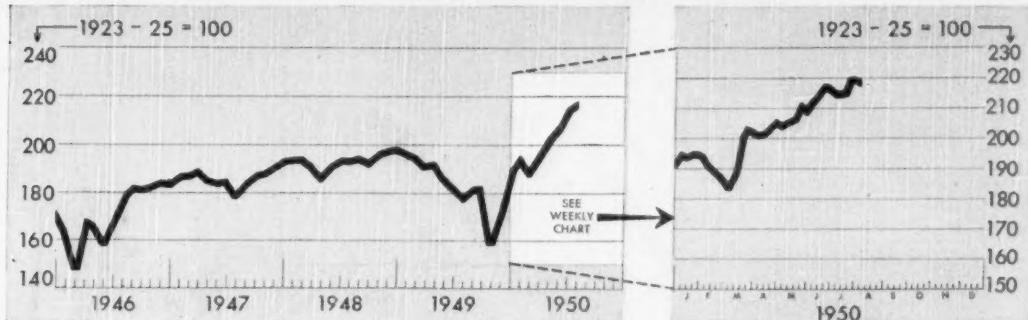
To use the useless; to create wealth out of waste; to produce utterly new material for industry . . . that is how the "chemical revolution" works. Gels, for instance, long known but unused by industry, have been developed by Davison into improved products that are now in wide demand in dozens of profitable markets. And the heart of this "revolutionary" process is that such new materials are not only profitable in themselves but create further wealth wherever they are used. That is what Davison means by "Progress through Chemistry".

PROGRESS THROUGH CHEMISTRY
D

THE DAVISON CHEMICAL CORPORATION

BALTIMORE 3, MARYLAND

FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	S. Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity)	99.9	+100.7	96.0	82.3	97.3
Production of automobiles and trucks	173,930	+191,978	137,731	142,718	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$40,378	\$50,870	\$51,051	\$32,797	\$19,433
Electric power output (million kilowatt-hours)	6,247	6,190	5,380	5,466	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	5,640	5,522	5,476	4,721	3,842
Bituminous coal (daily average, 1,000 tons)	1,786	+1,873	1,708	1,276	1,685

TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	79	76	75	69	86
All other carloadings (daily average, 1,000 cars)	62	+62	56	51	52
Money in circulation (millions)	\$27,000	\$26,915	\$27,315	\$27,419	\$9,613
Department store sales (change from same week of preceding year)	+42%	+46%	+10%	-11%	+17%
Business failures (Dun & Bradstreet, number)	168	160	138	171	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), June	170.2		168.6	169.6	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	458.9	450.0	420.4	342.8	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	278.8	+271.4	246.8	214.6	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	350.9	355.0	344.5	295.0	146.6
Finished steel composite (Iron Age, lb.)	3,837e	3,837e	3,837e	3,705e	2,396e
Scrap steel composite (Iron Age, ton)	\$39.17	\$37.33	\$37.08	\$20.00	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	22,500e	22,500e	22,500e	17,625e	12,022e
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.22	\$2.29	\$2.20	\$2.06	\$0.99
Sugar (raw, delivered New York, lb.)	6.24e	6.20e	5.98e	5.85e	3.88e
Cotton (middling, ten designated markets, lb.)	37.73e	38.53e	35.68e	31.37e	13.94e
Wool tops (Boston, lb.)	\$2.55	\$2.50	\$2.33	\$2.05	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	59.85e	50.10e	34.60e	16.30e	22.16e

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	145.5	141.3	138.8	122.0	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.25%	3.27%	3.33%	3.42%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.61%	2.63%	2.65%	2.63%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½-1½%	1½-1½%	1½-1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½-1½%	1½-1½%	1½-1½%	1½-1½%	1-1½%

BANKING (Millions of dollars)

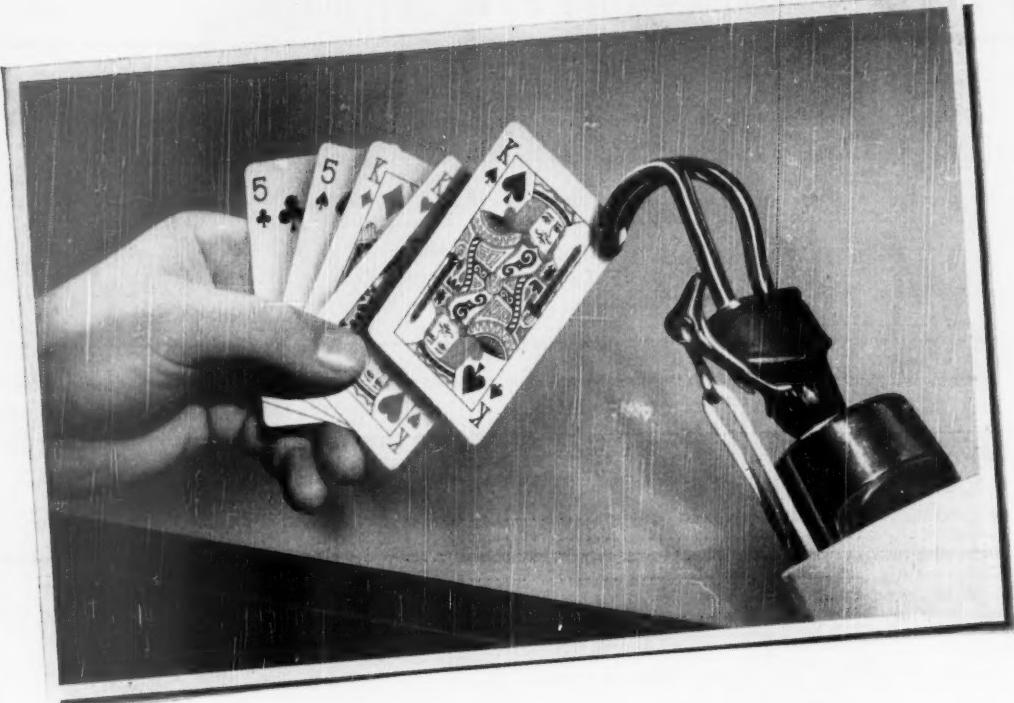
Demand deposits adjusted, reporting member banks	48,264	48,466	47,396	46,282	††27,777
Total loans and investments, reporting member banks	67,847	68,028	67,652	63,796	††32,309
Commercial and agricultural loans, reporting member banks	14,022	13,911	13,660	12,826	††6,963
Securities loans, reporting member banks	2,610	2,673	2,451	2,183	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	35,496	35,727	36,152	35,773	††15,999
Other securities held, reporting member banks	5,989	5,949	5,767	4,864	††4,303
Excess reserves, all member banks	860	850	770	1,129	5,290
Total federal reserve credit outstanding	18,762	18,636	18,950	19,213	2,265

*Preliminary, week ended Aug. 5.

††Estimate (BW—Jul. 12 '47, p 16).

†Date for "Latest Week" on each series on request.

‡Revised.



"THEY DEALT ME A NEW HAND"

Eighteen-year-old John Frazzoni was cleaning a blanching machine. Suddenly, he screamed with pain. The rag he was using had caught and pulled his right hand into the rollers.

At the hospital, doctors tried desperately to save his hand. They performed numerous skin grafts. In spite of their best efforts, gangrene developed and began to spread rapidly. Then, one by one, his fingers had to be removed—until only his index finger remained.

For months John had hoped and prayed that his hand would be saved. Then the dreaded day arrived. His last finger became useless. It took every ounce of courage for John to ask the doctor to remove it—but he did. The doctor agreed it was the best thing to do. Now John could wear a mechanical hand.

After his convalescence, John entered Liberty Mutual's Rehabilitation Center in Boston on April 4, 1950. John will never forget his first day. He felt nervous and scared—but he knew everybody was pulling for him. And he wasn't the kind to let anybody down.

His fears quickly vanished when he met another young man who has lost both his hands. "When I saw him joking, smiling and using his new mechanical hands, I knew I could do it, too," John said. "Thanks to him, it wasn't so tough when they dealt me a new hand."

As a model patient, John paid close attention to his instructors . . . spent hours pulling weights and using shop tools to strengthen his shoulder muscles. Soon he learned how to write — better than he could before his accident. And it wasn't long before he was playing ping pong, pool, checkers and cards.

His progress was so rapid that seven weeks later John was discharged, fully able to take care of himself. And instead of returning to his old job, John had some bigger and better ideas. He decided to go into business for himself.

★ *We work to keep you safe*...by providing protection for business, home and car owners...by removing the causes of home, highway and work accidents...by relieving the pain and financial burden of accidents by prompt and friendly handling of claims. ★

John's step into the Center may prove to be a big step forward.

Of course, compensation companies provide weekly payments and medical care for injured workers. But Liberty Mutual does this and more. When regular hospital and medical care ends, our special Rehabilitation service begins. We have worked with hundreds of badly injured men and women to help them become self supporting citizens. Through our Rehabilitation Center in Boston, we have treated 1,598 seriously injured persons. Already, 875 have returned to work—some to better jobs than they had before they were hurt. In this way, Liberty Mutual works to preserve human values and to reduce the cost of Workmen's Compensation Insurance.



We work to keep you safe

LIBERTY MUTUAL INSURANCE COMPANY
LIBERTY MUTUAL FIRE INSURANCE COMPANY

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
AUG. 12, 1950



Truman will get permissive power to say how you live and do business.

Congress seems determined to vote a complete set of economic controls. But it will leave the question of when and how they are used up to the President—he is to say whether priorities and allocations on raw materials are backed up with wage-price ceilings and rationing.

And it isn't a temporary delegation, tied to Korea. The control bill is good for two years—enough time for controls to become entrenched.

It's a pig-in-a-poke deal. Congress is hunting political shelter in case Truman has misjudged the economic impact of partial mobilization, or misjudged Russia.

- What Truman asked is power to allocate materials; give priority to defense needs, etc.; and control credit as a safeguard against inflation.
- What Congress is adding on its own is discretionary power to fix wages and prices and ration consumer goods.

Congress doesn't know how the power will be used. It has no information on what civilian goods will be cut, what will become scarce, or where prices might get out of hand. And in the frenzy of backing and filling on economic controls, it has made little or no effort to find out.

The politics of it is this: Truman asked similar controls in 1948, to check rising prices. The Republican Congress turned him down. Prices rose and Truman made hay out of this in the election. Now, both Republicans and Democrats are looking for safety. Their theory: Give Truman the power, then if voters are upset by its use or nonuse, the fault is Truman's—not ours. This may sound shocking in these times, but that's politics.

There will be no quick economic strait jacket, even though the government will have power to put one on overnight.

Advice to Truman is that this isn't needed. Defense demands will build up gradually over a period of months, not hit all at once. Besides, it takes time to set up control machinery. So discount reports that all-out controls will come in a couple of weeks, as soon as the bill is law.

Inventory ceilings will come early, probably within a matter of weeks. The aim is to limit holdings by manufacturers, distributors, and retailers, and thus reduce the scramble for raw materials and finished goods. Hoarders will be ordered to disgorge excessive stocks.

Allocation of metals will come quickly, too. Over the next six months, this will divert a bigger and bigger share of the supply from civilian to military use.

Selective price ceilings will be used to hold down the costs of basic materials, notably those needed for war. They can be imposed quickly and are easy to administer.

General price freeze is something else again. It would involve an OPA-type operation, for which Washington simply isn't prepared.

Price rollbacks will be a threat to inventories built up in a rising market. The rollback target would be the price level prevailing from May 24 to June 24. (Of course, this target would not be practical in a general freeze.)

Watch for a "jawbone" attack on prices. Complaints of chiseling are coming to Congress and probably will be investigated. Some new-car dealers are reported to be going back to the early postwar practice of loading

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
AUG. 12, 1950

on extras and refusing to sell unless there's a trade-in well below the used car's value. The idea of a public investigation is to scare the dealers.

Wage and salary ceilings are being loosely coupled with price ceilings by Congress. The proposed law directs that they shall be imposed, once a substantial part of the cost of living is under price ceilings. This gives Truman considerable leeway. Right now, the speculation is that he won't clamp down on the fifth-round wage boost currently building up.

Consumer rationing isn't in sight. It's most adaptable to such things as food, clothing, fuel oil, and gasoline. But right now, official calculations are that there will be plenty of these for the foreseeable future (a possible exception is home heating oil, which may become scarce locally).

First noticeable shortages will be in consumer durables—autos, appliances—and the inclination is to let consumer credit "ration" them.

Real estate credit will be put under general controls, applying both to strictly private loans and those guaranteed by the government. Terms will be stiffer than recently, with cash down higher, amortization shorter. But ex-GI's will continue to get better terms than other home buyers.

An excess-profits tax on this year's earnings isn't likely. Tax spokesmen in Congress and at the Treasury want to hold it off until next year.

Income taxes will be boosted, on both corporate and individual incomes, effective this year. The plan is to follow this up with another hike, starting next Jan. 1.

The extra billions for defense will be voted within another two to three weeks. The total will run close to \$18-billion.

There's some bitter criticism in the closed-door sessions on the money bill, as Congress tries to find out how far behind the Truman-Johnson economy program put our defenses.

Stockpiling is getting a close combing. Over-all, the program is in good shape. But on some critical items, actual deliveries run as low as 20% of what has been ordered.

The Democrats want to recess Congress in September, just as soon as the slate is cleared of emergency legislation. They don't want Congress to hang around with time on its hands. This would be an invitation to dig into the Korean affair and U. S. military weakness.

The Republican attack on Truman's Far East policy won't be long coming. It's being put together now by Gabrielson, Republican National Committee chairman, after consultation with key party members in Congress. They wan't to show Korea is the result of ineptness and bungling.

Truman's political leaders are plainly worried. Korea will become more personal every day. Casualty lists will grow longer. More men will be taken into the services. Coming controls will chafe.

What haunts the politicians is this: Roosevelt lost seats in both the House and Senate in 1942, after the attack on Pearl Harbor. Thus Korea—which even lacks the unifying effect of total war—might cost Truman control in both the House and Senate.



Yes, all the way from prairie to platter, your juicy steak depends on coal! First, coal provides the power for transportation and the heat and steam used in processing. Then it generates electricity to run the refrigeration equipment . . . and finally, chances are you cook your steak with gas or electricity generated from coal!

America's meat packers, alone, use more than 1½ million tons of coal a year. And, for the whole food industry, the total zooms to more than 12 million tons.

The food industry, like other big coal users—textiles, rubber, chemicals, steel and railroads—gets the particular kinds of coal which it requires. And America's progressive coal operators are continually seeking new ways to help their customers get even more heat and power from the coal they buy. To this end, they are investing huge sums of money in research, new mine properties, and new preparation plants.

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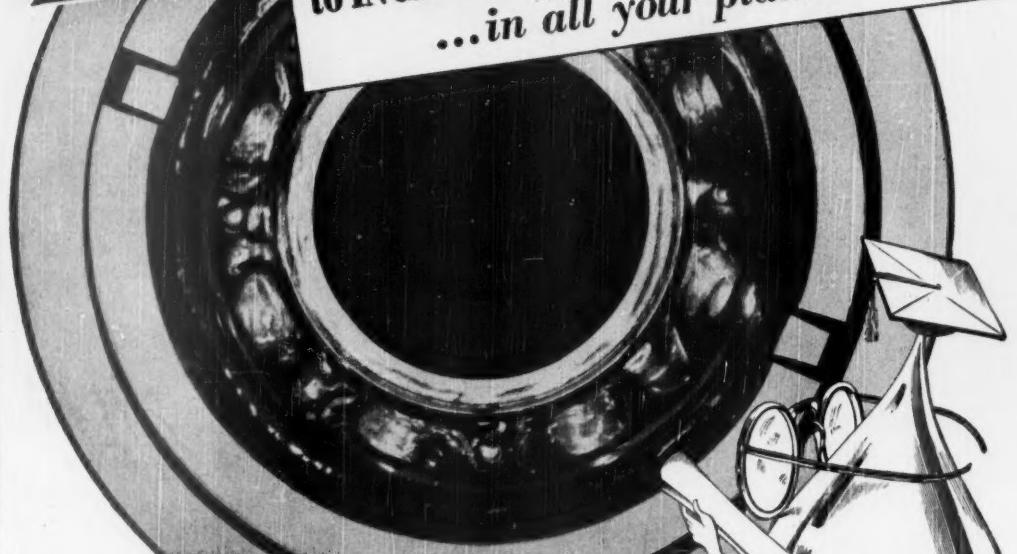
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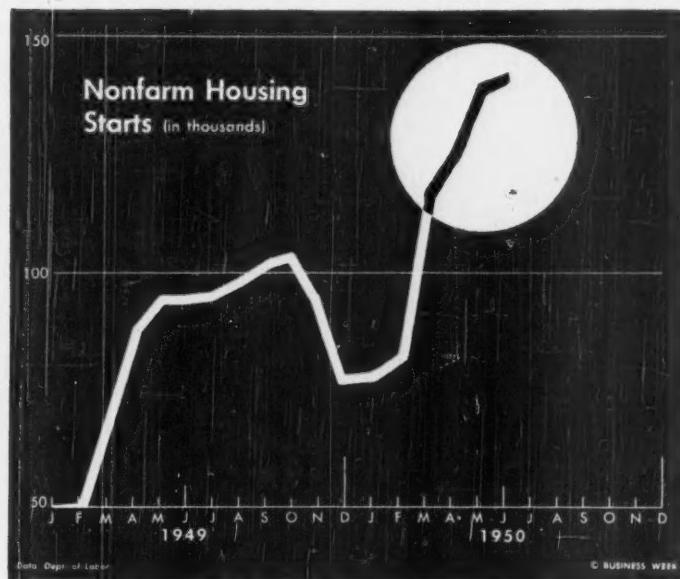
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There's No Stopping Housing

Despite new restrictions, builders are going ahead just the way they planned last spring. That means another record year for sure—possibly 1.2-million nonfarm starts.

Controls or no, 1950 is bound to be another record housing year.

By the end of June, builders had already started 679,600 nonfarm homes. July figures, when they are in, are almost certain to boost the total to more than 800,000. Thus even with the new government curbs, builders can hardly miss topping 1949's 1,025,000 starts. Washington itself is guessing at something close to 1.1-million. But if what builders told BUSINESS WEEK this week stands up, the final count may be more like 1.2-million.

• **Plans Unchanged**—Across the country, builders, with few exceptions, are carrying through on the plans they staked out last March (BW-Mar. 11'50, p19). Few see the new credit restrictions—higher down payments and pared-down mortgage insurance—as any threat to demand through the rest of this year.

"All the new credit regulations mean to my buyers," said a builder of high-priced homes in Chicago, "is that homes, or refrigerators, or television sets

will be getting scarce. So they are all trying to beat the game, and pretty soon everybody will be in the real estate business."

Generally, builders agree that the new curbs will have some effect on the market for low-cost homes. "The guy who is really hit is the ex-GI," a Seattle builder said. "Scraping up even a \$200 down payment is going to be mighty tough for him."

Still, most builders feel that for every veteran who is screened out of the market, another will be scared in. Out of seven companies in New York, five believe that any decrease in demand would be just about canceled out by "this-is-our-last-chance" buying. Last Sunday, one St. Louis builder of low- and medium-cost homes sold 63 houses in a subdivision and could have sold more if he hadn't stopped taking orders.

• **Some Dissenters**—Here and there, of course, there are builders who take a dimmer view of things. In Cleveland, 18 contractors who planned a total of

897 homes this year have decided to sit back on any new construction until "the picture clears up." That means that 362 homes, planned but not started, will stay on paper only—at least for a few weeks. In Atlanta, contractors say they are cutting back speculative starts up to 50% until the market settles. Houston and Dallas report some cutbacks in plans, partly because of tight materials, and partly because of the new curbs. One Dallas builder says he thinks the government's July 1 peg on construction costs for appraising mortgage property will do more to slow down buying than any other curbs.

• **Prices**—Everywhere, the price trend is up. One St. Louis contractor thinks that by the end of the year the tag on his houses will be up 10% over early spring. He admits, though, that probably 5% of the increase had built up before the Korean war. Another builder growled, "We have been hit in the teeth with so damn many increases on labor and materials that those sales prices will have to go up at least 5%." Prices on homes in the \$10,600-\$13,000 range in Chicago are up about \$200 since spring, with most of the jump coming since June. On houses in the \$33,000 class, the rise has been 7% to 8% since the first of the year. Ask about the outlook, the answer is, "Ever onward and upward."

In Seattle, smaller builders feel they will have to start raising prices or stop producing. "Controls are the only thing to stop a runaway price rise," a Los Angeles builder said. In Dallas, Houston, Detroit, Baltimore, Cincinnati, and Atlanta, the picture is all the same: Prices up 5% to 10% since the start of the year. More hikes to come.

• **Costs**—"I'm bewildered," said a small contractor in Cincinnati. "I can't give a definite price now in a rising market. I just called a lumber dealer, and he told me sheeting is up to \$110. It was \$80 not long ago. Plumbing fixtures went up 10% last week. The credit restrictions aren't so bad, but the uncertainty about the future is."

It's the same everywhere. In New York, Levitt & Sons, leading Long Island builders, announced it would refuse to quote prices on homes to be delivered after February, 1951. Costs in Cleveland have climbed an average of 5% in the last month. "The builder who takes a contract to build now without an escalator clause or a wartime clause ... the contract is a screwball," a local contractor said. In Detroit, labor

costs went up between 12¢ and 18¢ an hour about a month ago. Materials costs—particularly lumber—are edging up. Minneapolis reported lumber up 30% from 1949, and going higher. Seattle figures costs were up 10% since Jan. 1. Speculative builders in Los Angeles are paying premiums up to \$10 a day to get workers in short supply. Plasterers and metal lathers are getting \$35; their scale is \$25.

• **Materials**—Materials supply is spotty. Some areas are screaming for help; others say that shortages are just a lot of talk. New York builders feel they're in good shape now and should be in fair shape for the rest of the year. After that, it's "Wait and see." A St. Louis contractor says he has been able to get enough materials to stay on schedule, but complains, "It's a terrific annoyance. All you do is sit on the phone all day and try to buy this or that. If you get a quotation at two o'clock on lumber and call back at five to say you want it, it's either gone or the price is up."

In Cincinnati, some materials are on allotment. Rock lath is short. "Lumber is horribly unbalanced," a Cleveland builder said. "One week, you have a lot of flooring and no siding. Next week, you're up to your ears on siding, and the flooring has vanished." Materials prices in Atlanta are changing daily with gray and black markets already developing. In the last week, galvanized pipe has been practically impossible to get. Common brick is so scarce that it is now being trucked in from Birmingham.

• **Hokum**?—Chicago finds millwork tight, but one contractor says the business of shortages is "just a lot of hokum." Almost every builder in Detroit said, "I hear some firms are having trouble on a few materials, but we're getting all we need."

Talk shortages in Minneapolis, and you get a different story. Builders run through a whole list of tight items starting with gypsum, cement, and brick, and running to soil pipe, flooring, and rock lath. A Seattle builder, asked if he had a materials problem, bellowed, "Holy Mackinaw, yes. Millwork, rock lath, and plumbing supplies are driving me crazy." San Francisco is getting along all right now, but looks for trouble.

"But that won't stop us from completing the houses we've started," a builder said. "We'll just have to fight it through."

• **Outlook**—Beyond the end of this year, most builders won't make anything but a guess as to what will happen. Most of them feel pretty certain that building is bound to taper off. If the government really gets tough—it imposes rigid allocations and priorities—even the optimistic ones admit it might mean the end of any large-scale private home building.

New Models in '51

Auto builders plan costly design changes in spite of peak demand. Korea came too late to stop retooling programs.

In spite of peak demand, auto companies are going ahead with major design changes for their 1951 models. By the time the Korea news broke and scare demand started, most auto builders were too far along in their design-change programs to cut them off.

• **No Incentive**—Usually, model changes are slight to negligible in periods of peak demand. When cars will sell regardless of any new look they may have, auto companies re-use their tools and dies—at great saving—giving basic models only a minor face-lifting each year.

From all indications, they could do that with their 1951 models without running any risk of lost sales. Demand is way ahead of supply. As one top official of a major auto company put it last week, "Since Korea, automobile

demand has gone right through the roof—straight up."

From coast to coast, the story is the same: The crowd of customers pressing into showrooms surpasses even the throngs of 1946 and 1947. Many dealers are refusing to take any more orders; others are going back to the prewar practice of refusing a new-car sale except where a trade-in is involved.

• **Notable Changes**—Even with this cry for cars, any cars, manufacturers are going ahead with some notable and expensive model changes for 1951. General Motors and Chrysler will make most big changes. GM is determined to improve its already well-accepted styling trends. Buick will offer a new kind of glass that cuts down heat and glare coming through windows. It's optional. Buick is also shading part of the windshield so that outside visors won't be needed. Chrysler will go even beyond a revamped body-design; it has launched a long-awaited engine retooling program for its higher-priced divisions. This will probably result in high-compression V-type engines in some of Chrysler's 1951 models. Chrysler also has announced that it will use



Three Men and an Explosive Subject

Three sides of the H-bomb project are personified (left to right) as Chairman Gordon Dean of the Atomic Energy Commission, President Crawford Greenewalt of du Pont, and Sen. Brien McMahon confer after a meeting of McMahon's Joint Committee on Atomic Energy.

AEC awarded a contract to du Pont last week to build the first production plant for tritium, the super-heavy hydrogen that will

fuel the H-bomb. Du Pont's job, for which it will get a fee of \$1, will involve design, construction, and operation of uranium piles similar to those the company installed during the war at Hanford Works. These will transmute lithium metal into tritium.

No site has been selected yet for the plant. The plan is to put it near enough to some city to avoid the necessity of having to build a company town.

its first all-electric window lift in its next-year models.

At Ford, the program has been all along to continue the current Ford design about as it is and to revamp the Mercury somewhat. But Ford definitely plans to do broad redesign work on the Lincoln.

• **Independent Shift**—Among the independents, Packard will unveil the most striking design change in next year's models. Rumor has it that Packard changes, borrowing something from European styling, will be the most noteworthy in the company's half-century history. A preview of Packard's 1951 line is scheduled to be held for dealers in New York, Chicago, and San Francisco on Aug. 21.

Most of the other independents have decided to go along pretty much with their 1950 designs. Costs of a retouching program weigh more heavily on the smaller producers than on the larger ones. Nash will expand its new Rambler series, probably adding two new models to today's piecemeal line of a soft-top convertible and a station wagon. Studebaker and Hudson plan no major design changes at present, though Hudson hints that it will introduce a brand-new powerplant in its 1951 models.

Kaiser-Frazer will carry along its vastly changed models, introduced a few months ago. Willys-Overland is still talking about bringing out a full-size passenger car in 1951; but there is no sure evidence of it yet, and rapidly expanding military orders may persuade the Toledo company to postpone the move.

• **Shortages Unlikely**—It's still possible that auto builders may be forced to call off some of the more radical design changes between now and the end of the year. A sharp crimp on 1951 unit production imposed by steel allocations could do it; so could a short supply of vital metals such as copper and lead. But the industry doesn't expect either of these shortages to come so soon.

• **Record Output**—In the meantime, unit production steams on at an unprecedented rate. Last week, the industry turned out 177,489 cars and trucks. Though this was down about 8,600 units from the week before, it was still 34,600 units ahead of the same week a year ago. And it looks as if the industry expects to move at a fast clip for a long time to come. Ford announced this week that it will build a new Lincoln-Mercury assembly plant on a 179-acre site at Wayne, Mich. The plant will have a production capacity of 640 cars a day. Chrysler's Dodge division also has announced that it will build a plant in Indianapolis to make transmissions. The new plant is expected to employ 4,000 to 5,000 workers.

Controls: Only a Few This Year

Rubber and electronics will feel the control law this year. Benzene is the major chemical headache. But in most lines, present military orders aren't heavy enough to require direct controls.

Judging from the stories you have been hearing and reading, you would think the mobilization noose is already around the economy's neck; all that's needed to give the final yank is for Congress to pass the control law.

That just isn't the case. There'll be no wholesale garroting the minute the control bill goes through.

In two industries—rubber and electronics—the squeeze is coming, and soon. Other products will feel a pinch, of course. But in most lines military orders will have to step up a lot more to bring direct controls.

• **Rubber**—Rubber is critically short. First limitation orders on it are due within a few weeks after Congress gives Truman the power to do it.

That means that tire makers will have to change their mix—lower the ratio of natural to synthetic from around 63% to 40%. This will save close to two pounds of natural rubber per tire, or about 20% of our current consumption of natural.

Foam rubber products, such as cushions and mattresses, will come under control, too. They'll probably lose some of their natural, maybe all of it. It's even possible that new military and foreign-aid demands could stop production of such consumer items cold—to conserve synthetic, too.

• **Electronics**—Electrical appliances will feel the pressure this year. Manufacturers and retailers think production will have to fall off anywhere from 15% to 25% below 1949's.

The products that will bear the brunt of the cut will be those that compete with military demands for steel, copper wire, electronic tubes, and the like. That means refrigerators, ranges, washing machines, electrical parts for automobiles.

• **Radio, TV**—Most of all, and despite high inventories, it means radio and television. With new military orders of more than \$1-billion for radar and other electronic apparatus, these lines will have to divert 25% of their manpower and plant capacity from business as usual. By the last quarter of the year, TV and radio production will be off about 10%-15%, it's figured. Resistors are already something of a bottleneck, so allocations are likely to come quickly. First rationing will probably be voluntary—suppliers will limit their customers. But expect government scheduling to follow right behind.

By spring, consumers will be getting

some 25% fewer sets than now. Look for price controls then, at least on components at wholesale.

The return of consumer credit regulations may slow down consumer buying, electrical appliance industries think. However, stricter credit isn't going to make much difference on housing this year (page 19), and there's no telling how much effect it will have on appliances.

Aside from these two rough spots, it will take controls a long time to really bear down on the economy. Here's the outlook:

• **Petroleum**. There's no gasoline rationing in sight. What are short are the ingredients that soup-up gasoline for warplanes. So the octane rating of motor gasoline will be downgraded, probably three octane points, from 89 for premium to about 86. Oil companies are just waiting till the control law gives them antitrust exemption to roll back gasoline quality.

Stepped-up gasoline production will cut down fuel oil output. There's a chance that consumer supplies may be rationed this winter.

• **Chemicals**. The only real problem here is benzene—through chlorine is a little tight, too. Benzene is a big if because of its many important derivatives—styrene, phenol, aniline, nylon, chlorobenzenes, and nitrobenzenes.

Allocation of benzene to GR-S (synthetic rubber) plants can turn other industries topsy-turvy. Other benzene derivatives may be pinched. The White House order to reopen synthetic rubber plants, for instance, could mean less styrene for the plastics makers.

GR-S companies have two solutions: (1) Cut the amount of styrene used in synthetic rubber, from 29% to 20%; and (2) make benzene from petroleum. But the synthetic benzene costs more, and it uses up materials needed to make toluene and other products.

• **Automobiles**. It will be at least a year before Detroit feels the full impact of increased military buying. It's going to take 15 to 24 months to get tank assembly moving. So slashing cutbacks in car output are some way off.

• **Construction**. Housing apparently will hold its own for the rest of the year (page 19). Tighter credit will taper it off some in 1951; new residential units may be held to 750,000, compared with the 1-million-plus scheduled for this year. But total construction won't be cut back 10%.

Who's Exempt?

Dept. of Labor issues list of critical occupations that probably will be guide for deferring personnel.

Industry had its first chance this week to see which employees are likely to get occupational deferments from military service. Secretary of Labor Maurice J. Tobin put out a list of critical occupations as an advisory to the Defense Dept. There's a good chance it will become the guide book for the military in deferring reservists and also for the selective service boards in handling draftees.

• **Categories**—The Labor Dept. broke the list down into two main categories—professional and related occupations, and skilled occupations. In the professional and related category are:

Agronomist	Ship master
Marine architect	Mathematician
bacteriologist	Metallurgist
Biologist	Professional nurse
Botanist	Osteopath
Chemist	Parasitologist
Pharmacognosist (drug scientist)	Physicians and surgeons
Pharmacologist	Physicist
Clinical psychologist	Plant pathologist
Dentist	Teacher (critical occupations only)
Engineer	Tool and die designer
Entomologist	Veterinarian
Geologist	

• **Skills**—The skilled occupations:

Aircraft and engine mechanic	Marine layout man
Apprentice (critical occupations only)	Loftsmen
Boilermaker	Machinist
Refractory bricklayer	Maintenance mechanic
Cormaker	Millwright
Petroleum driller	Model maker
Die setter	Molder
Airplane electrician	Patternmaker
Foreman (critical occupations only)	Precision-lens grinder
Laboratory apparatus glass blower	Iron and steel roller
Instrument repairman	Ship rigger
	Petroleum processing stillman
	Tool and die maker

Definitions of the critical occupations (Part II of this list) are available at the U.S. Dept. of Labor, Washington 25, D. C.

Vacation Embargo Causes Few Headaches

United Aircraft Corp.'s 17,500 employees in East Hartford, Conn., had an unexpected change of plans last week. Their two-week vacation shutdown was abruptly canceled—at the

government's request. UAC was one of about 30 aircraft companies to receive such a request.

• **Full Tilt**—Instead, operations are going full tilt, on a seven-day, round-the-clock basis. And the Air Force and Navy followed up its vacation cancellation by promising Pratt & Whitney a "substantial" amount of new production orders to speed the country's aircraft mobilization plans.

• **No Problem**—Personnel departments at UAC's Pratt & Whitney engine plant and Hamilton Standard propeller division were ready to cope with a storm of employee protests. It never came. At Pratt & Whitney, 75% of the employees decided to skip vacations this year; at Hamilton Standard, 60% agreed.

Vacations are still in order for employees who had made deposits at resorts, would suffer financial loss by not following their plans. Others who insist will get vacations on a staggered basis, when they won't interfere with production.

Employees weren't too unhappy about the setup: They'll be paid two and a half times their normal wage for giving up vacations. Who's going to pay that hasn't been decided yet—but UAC will ask the government to make up the extra compensation.



Firestone Memorial

Climax of the Firestone Tire & Rubber Co.'s 50th anniversary celebration was the unveiling of a statue of founder Harvey S. Firestone. The five Firestone sons, all active in the company's management, conducted the ceremony. The statue is the focal point of the Harvey S. Firestone Memorial. It is located in a 25-acre park surrounding the Firestone Research Building, which overlooks the mile-long stretch of Firestone plants at Akron, Ohio.

Plane Take-Over

To fill military needs, MATS siphons off about 10% of commercial airlines' four-engine plane capacity.

If you ship much cargo by air, you'd better be looking around for alternate shipping methods. Many commercial airline transports are being pressed into military service right now—and the majority of these are of the cargo variety.

• **Military Siphons 10%**—The military has already siphoned off 10% of the commercial four-engine plane capacity for service in the Pacific (BW-Jul. 15 '50,p21). And there's a good chance—depending on military developments—that it may take another—and perhaps a bigger—bite.

• **Cargo Planes Preferred**—The military prefers cargo planes to passenger planes because they can be easily converted to war use. A DC-4 can carry a good-sized cargo load, and bucket seats can be quickly installed for passengers. Another factor: Most DC-4's are equipped with a large door for loading bulky cargo.

By last week, the military had in service, or was readying, some 65 planes—45 drawn from scheduled airlines and 20 taken from the nonscheduled airlines.

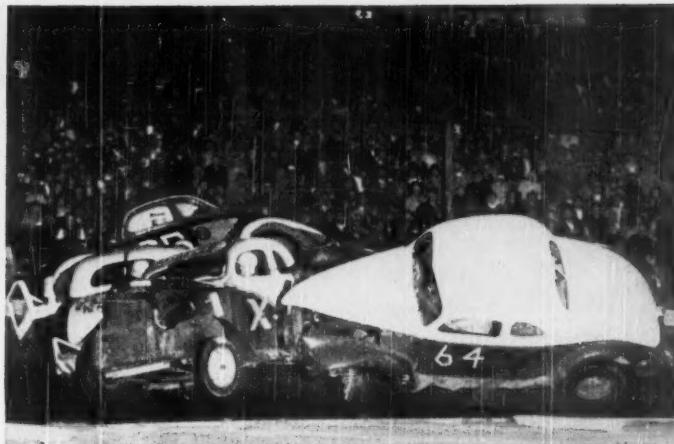
• **Prime Contractors**—Three airlines have been designated as prime contractors on the airlift to Korea. Pan American, Northwest and United. The three are familiar with the routes, and it's simpler for the military to work with only a few contractors.

PanAm, for example, is prime contractor for seven scheduled airlines, is supplying 27 planes from its own fleet and those of the other lines. As prime contractor, PanAm supplies the Military Air Transport Service with the planes and crews. After that, MATS runs the show, scheduling departures and determining loads.

To carry the heavy operational load, the airlines have recalled crews furloughed early in the year. The plan is to run four crews for each ship, so each plane can be used as many as 14 hours a day.

• **No Effect Yet**—Commercial schedules haven't been affected yet—by the military dip into airline operation. Cargo service hasn't been affected to any great degree, though special chartered flights have been cut down.

But passengers run the risk of being bumped from commercial flights when the military needs the space. So far, however, little bumping has been necessary.



FIVE-CAR PILE-UP like this is a common occurrence—and is one good reason that . . .

Stock-Car Racing Rides High

Promoters clean up as old sport takes on new life in two years. Even strict safety regulations don't keep crowds away as boom keeps climbing for third year.

Few businessmen would think that they could take a Sunday afternoon traffic jam and turn it into profits. But in effect, that's what hundreds of U.S. stock-car-racing promoters, big and small, have been doing for the past two years. For a stock-car race looks more like a jammed two-lane highway gone berserk than like anything else—every driver suddenly pulls out to pass everyone else at top speed with tires screaming, regardless of life, limb, or fender.

• **Jalopy Boom**—By last week, this peculiar brand of jalopy-like auto racing had become a bigger business for more people than either of its more normal brothers, midgets and big racing cars. Exact figures are hard to come by because there are hundreds of separate operations by individual promoters. But there's a guide to the sport's growth in the history of the National Assn. for Stock Car Auto Racing, Inc. (NASCAR). This is a Daytona Beach (Fla.) group set up to pull all promoters under one roof.

In 1948, NASCAR sanctioned a total of 45 race meets, with prize money paid to drivers totaling \$98,000. This year, there will be well over 300 meets, maybe as many as 400, with prize money hitting the \$500,000 mark.

• **Old Habit**—Only the boom is new; stock-car racing itself is not. It all started in the South back in the early 30's more as an illegal business than as a legitimate sport. In those days, rum runners souped-up their old cars to keep away from the "revenoos."

In 1956, it turned into a legalized sport when the first legitimate races were staged at Daytona Beach.

• **Slam-Bang Sport**—To people who haven't seen it, stock-car racing sounds dull. That's a natural assumption because the cars are actually stock cars—some of them 12 years old. (Any U.S. make of sedan or coupe is allowed. Fords and Mercuries are the most popular.) Moreover, in only one of the three classes in which they race are drivers allowed even to soup up their cars to any extent. And no "hot rods" (souped-up roadsters) are allowed in any NASCAR race.

Despite these tame factors, a stock-car race is a far more slam-bang affair than anything else on wheels. One reason is that the track is small—one-fifth, one-quarter, or one-half a mile. For another thing, an average of 20 cars starts each race, which may be from 12 to 50 laps or more in length.

• **Anything Can Happen**—Since in order to win, a car must do well over 50 mph. (in second gear all the way), almost anything can happen under these crowded conditions. A car spins on a curve and others pile into it. A tire blows and a car crashes head-on into the guard rail, or rolls over a few times and piles up against the fence.

Any one of these things could spell death for the driver of a standard racing car. But because the NASCAR rules and regulations for protection of drivers and spectators are so strict, few deaths

or serious injuries occur at NASCAR-sanctioned races.

• **The Rules**—For example: No car can enter a NASCAR race unless its top and frame are heavily braced and the bumpers replaced with heavy crash bars. (Most postwar cars must have reinforced wheels; standard wheels have a habit of collapsing on turns.) Drivers must wear a real crash helmet and a quick-release safety belt fastened to the frame. Fire-fighting equipment, an ambulance, and a doctor must be on hand even before warm-ups for the race can start.

Every NASCAR-sanctioned track must take similar detailed precautions for spectators. That means an extra-heavy guard rail, reinforced with steel in most cases.

NASCAR's insistence on such safety rules as these has made it the only racing organization able to get group insurance for its drivers. This provides death and hospital benefits, plus \$25 a week for drivers or pit men while they are laid up as a result of a race.

NASCAR is deeply concerned about the hundreds of "outlaw" races which don't follow its safety regulations. It's at these races that drivers burn to death or cars slam into crowds of spectators. And each time it happens, it weakens the staying power of stock-car racing as a sport. So NASCAR is desperately trying to get all race promoters under its wing.

• **Operation**—Meanwhile, almost every promoter is making a handsome living. The financial operation of his track runs something like this: He sees that the track meets safety specifications, puts up the purse for each meet, does the advertising (his biggest running expense), and figures on taking about 5% of the gate as his profit. Drivers get no salary or wages; they run only for the purse, which is spread among most of the cars in the finals.

Probably the top NASCAR promoter in the business is Ed Otto, who runs a circuit of 10 tracks in the East. An ex-racing driver himself, Otto is a tall, slim man in his 40's. His chief vices are chain-smoking cigars and a more moderate indulgence in an atomic-type cocktail called a Southern Comfort Manhattan (Southern Comfort, sweet vermouth).

• **Solid Future**—To him, the sport looks good and solid. The main reason is that he sees it as an audience-participation sport. Any exhibitionist over 21 who has a license to drive can enter the races; in fact, most drivers are amateurs. For about \$200, he can fix up a car so that it will qualify—a far lower price than it would cost to put a regular racing car on a track.

And finally, says Ed Otto, it's so much safer for everybody than driving on a highway.

The Groups

4 Heavy Bomber Groups
(30 planes per group) This is the same number of groups as in the "economy" 48-group air force.

18 Medium Bomber Groups
(30 bombers and 15 fuel tankers per group) The 48-group air force had 12 such groups.

22 Day Fighter Groups
(75 planes per group) The 48-group air force had 17 such groups.

3 All-Weather Fighter Groups
(75 planes per group) This is the same number as in the 48-group air force.

The Planes



B-36



B-47



F-84



F-86



F-94

Who Makes Them?

B-36: Consolidated Vultee Aircraft Corp.

Before the Korean invasion, USAF had some 200 B-36's on order. New orders since that time probably total about 100 planes.

B-47: Boeing Airplane Co.
B-50: Boeing Airplane Co.

Some groups will include obsolescent B-29's until enough B-47's and B-50's are delivered to replace them.

F-84: Republic Aviation Corp.
F-86: North American Aviation, Inc.

Until more new planes are delivered, some wartime F-51's and F-47's and postwar F-80 jets will still be used.

F-94: Lockheed Aircraft Corp.
F-89: Northrop Aircraft, Inc.

What \$7.7-Billion of Airpower Means

Like Aesop's fabled frog, the U.S. aviation industry is blowing itself up to double its size in manpower and triple its size in output.

• **Fourth Biggest**—An estimated \$7.7-billion are earmarked for planes in fiscal 1951. That will make it the fourth biggest year, dollarwise, in the history of U.S. aviation. (The three biggest were all war years, with 1942's \$23-billion appropriation at the top.)

The 1951 plane procurement funds are divided like this:

- Air Force gets \$4.2-billion.
- Navy gets \$2.5-billion.
- An additional \$1-billion goes for foreign-aid planes.

The big share goes to build up the 70-

group Air Force that the military have so long urged. Strictly, it's a 69-group force—a sop, maybe, to Defense Secretary Johnson, who has held out against the 70-group strength.

Last week, it looked as though the new 1951 emergency funds would be rushed through by the time this story is printed. But even earlier, the plane makers had started to move.

• **On the Move**—They were working, as they worked at the beginning of World War II, from letters of intent. The Air Force had issued over 200 such letters last week.

The chart above shows where most of the Air Force money is going. While no Air Force figures on quantities of planes

ordered have been released, it is reported unofficially that Boeing got the largest share, in dollars, with North American and Lockheed close competitors for second place. Republic Aviation probably will have to do the most expanding above its present status to handle the reported huge quantity of fighter contracts. Along behind, trail many specialized types such as Piasecki's helicopters.

It is understood that the Navy's most substantial contracts went to Grumman, with McDonnell probably in No. 2 position, and Douglas probably No. 3. Glenn L. Martin is reported up on the list, too.

Among engine companies, Pratt & Whitney division of United Aircraft Corp. was probably No. 1 in dollar orders,

The Groups

6 Strategic Reconnaissance Groups
(30 planes per group) The 48-group air force had five such groups.

4 Tactical Reconnaissance Groups
(54 planes per group) The 48-group air force had one such group.

12 Troop Carrier Groups
(48 planes per group) The 48-group air force had six such groups.

22 Supporting Squadrons
Includes rescue planes, helicopters, etc. There were 13 such squadrons in the 48-group air force.

The Planes



RB-50



B-45



C-119



H-19

Who Makes Them?

RB-36: Consolidated Vultee Aircraft Corp.

RB-50: Boeing Airplane Co.

Strategic Reconnaissance Groups still contain many obsolescent B-29's which will be replaced with B-36's.

F-84: Republic Aviation Corp.

B-26: Douglas Aircraft Co., Inc.

B-45: North American Aviation, Inc.

C-119: Fairchild Engine & Airplane Corp.

C-97: Boeing Airplane Co.

C-124: Douglas Aircraft Co., Inc.

Bell, Boeing, Chase, Consolidated Vultee, Northrop, Ryan, Sikorsky, others.

followed by Allison and General Electric, in that order. Wright Aeronautical will be on the job; Westinghouse will probably have a big Navy order.

Aviation production analysts figure the present scale of procurement won't require total mobilization of the industry. How well is the industry equipped?

• **Production Rate**—The Aircraft Industries Assn. of America estimates that an increase to a production rate about one-tenth of the peak attained in World War II will do the trick. That comes out about 900 planes a month, compared with World War II's 9,113. Yearly, the new rate would run around 10,800 planes. In 1949, military production was estimated at around 2,600 planes.

• **Plant, Men**—Plant space is probably the least of the worries. First estimates are that many manufacturers can get by, at proposed production rates, on their

existing facilities. A number of large standby plants can be called into service.

To double manpower is a little harder. Essentially, it's a twofold problem: (1) keeping highly trained technicians out of the services; (2) adding skilled workers where possible and training new workers.

• **Machine Tools**—Plants are far better off for machine tools than they were at Pearl Harbor, but they have to be. A 1950 plane is about four times as tough to make as a 1940 one.

A machine-tool stockpiling program, now controlled by the Munitions Board, has tucked away more than 161,000 general-purpose machine tools, of World War II vintage. The main trouble will be getting special-purpose tools and types of machine tools that have gone into use since World War II.

• **Materials, Parts**—The national materials stockpile has collected more than \$1.5

billion worth of materials, with another half-billion in process of delivery at the end of June. Some special metals may be short. But basic aircraft materials are not expected to be critical, at the present scale.

Getting a speedup on complicated accessories and components promises to be the major headache. Volume of plane production in recent years has been too light to support a healthy group of accessory manufacturers.

• **How Soon?**—World War II experience indicates that with all-out effort a year is enough time to triple aircraft capacity. In June of this year, total military production was at the rate of only 215 planes a month. So by June of next year, the rate might be up to 645 planes a month—if the industry has full cooperation on manpower, materials, tools, and other essentials.



PITTSBURGH STEAMSHIP'S Hemingway will have new ships to help U. S. steel in . . .

Meeting Ore-Carrier Squeeze

U. S. Steel orders three new ore ships for Great Lakes to help meet expanding capacity. But they won't be ready till 1952.

The widening maw of American steel mills has put an ever-increasing strain on Great Lakes ore shipping. Nowadays, the ships simply don't go fast enough or carry enough cargo to keep mills supplied with a comfortable backlog of iron ore.

• **New Ships**—This week, U. S. Steel Corp. started to remedy this situation as far as its own fleet was concerned. It is awarding contracts to build three huge new ore carriers, and a new self-unloader. The ships will go to two U. S. Steel subsidiaries—the ore boats to Pittsburgh Steamship Co., the self-unloader (to haul coal and stone) to Bradley Transportation Co.

This move by U. S. Steel will probably soon be followed by the other 22 companies who run Great Lakes ore carriers. Here's why: Of the 265 vessels now carrying ore in the lakes, 206 are more than 33 years old, and 120 of these are more than 43 years old. They just don't carry enough ore—about 9,000 tons—either to keep mills adequately supplied or to make a profit in these days of high operating costs.

• **Old Story**—The shortage of ore-carrying capacity is not new. But the carriers feel that they can't do much about overcoming it until they get a more lenient Treasury view of vessel depreciation, plus the privilege of setting up a replacement fund, before taxes.

• **Leader**—Despite these hurdles, U. S. Steel has taken the lead in doing some-

thing about fleet expansion. Largely responsible for that is Walter C. Hemingway, who was named president of Pittsburgh Steamship two years ago. Until then, he had been vice-president and general manager of U. S. Steel's Federal Shipbuilding & Dry Dock Co. at Kearny, N. J.

• **Impossible Dream**—Hemingway would like to operate a fleet of boats carrying 30,000 tons of ore each trip. That way, he could save the company 50¢ a ton on its ore costs. But the Soo locks and the docks and their equipment at down-lake ports are too small to handle such a ship.

So Hemingway settled for a type of boat which would carry about 18,000 tons. That would not only be twice as much as the average carrier would take; it also was 1,000 tons more than the five "supers," built by the company in 1942, would carry. More than that, where the supers travel at 14 mph. loaded, the new ships will travel at 16½ loaded, 18 light. That will mean six or seven more trips per season than the company's best present ships.

• **High Power**—The new ships will have 7,000 hp. geared high-pressure turbines—about 3,000 more horsepower than Pittsburgh's supers. They will be 647 ft. long (7 ft. more than the supers), have a beam 3 ft. wider. They will approach in capacity the lakes' biggest ore carrier, the "Sykes," owned by Inland Steel Corp. This went into service this

year at a rated capacity of 20,000 tons.

The one big drawback to U. S. Steel's plan is this: The ships won't be ready to go into service until 1952. Hemingway shudders at the thought of what the ore carriers might find come next April. He says that there is a very real possibility that mill yards and docks will have only about a month's supply of ore on hand at that time. And any big expansion of steel production due to the war may find the situation even worse in April, 1952.

FDA Says It Isn't Bread If Chemically Freshened

Man in general may not live by bread alone, but one industry comes too close to it for comfort. That group is the shortening makers. About 40% of their products go into baked goods.

• **Chemical Warfare**—For a long time now—and particularly since the end of World War II—the chemical industry has been cutting into shortening's solid position in bread. More and more bakers have been using so-called "softeners," or emulsifiers, which make bread stay fresh longer. This hits the shortening boys right in their bread-basket, because emulsifiers make it possible for bakers to use less shortening.

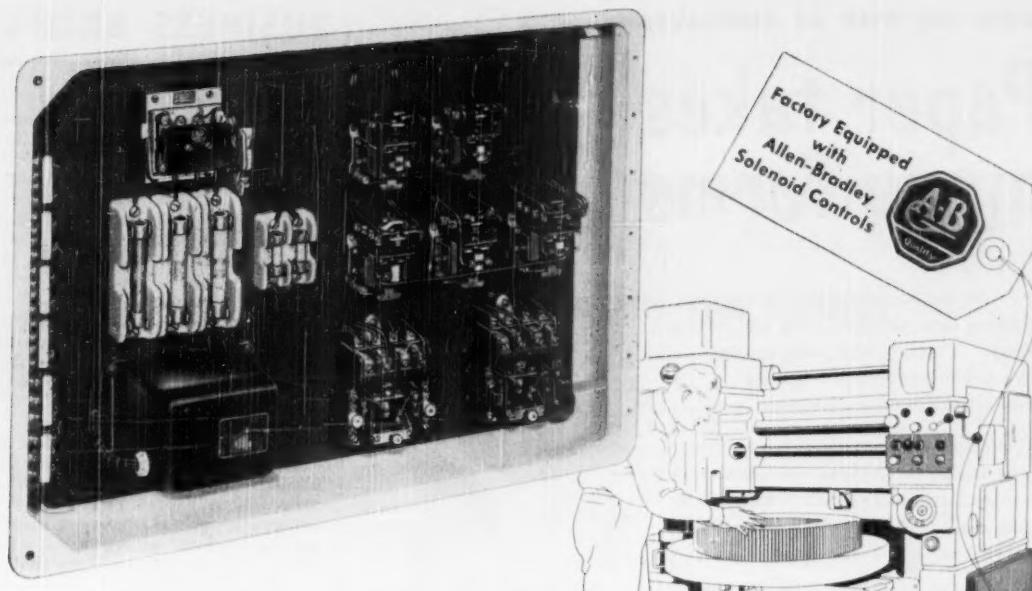
For several years, the Food & Drug Administration has been working on a standard for bread—an official definition of what products are entitled to describe themselves as "bread." The shortening people have feared that FDA would O.K. the use of emulsifiers.

• **Rescue**—This week, FDA came to the rescue of the shortening people—at least for the moment. It issued a set of tentative standards for commercial bread-making which bans chemical products used to make bread stay fresh longer.

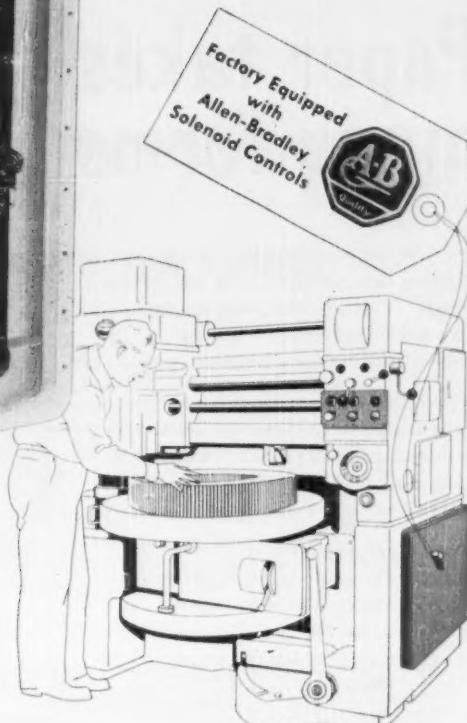
The chemical companies have 30 days to file exceptions to the order. Already several firms are preparing their arguments. One of the biggest, in fact, already has its exception in—Atlas Powder Co. of Wilmington.

• **What Bread Should Be**—The proposed order represents FDA's conclusions as to what bread should be. That opinion boils down to the idea that bread should be what it always has been—basically old-fashioned flour and shortening. The chemical companies argue that bread is already a long way from that; the proposed order would let shortening manufacturers hop up their product with 25% of mono- and di-glyceride emulsifiers. FDA is obviously suspicious of the freshening chemicals, anyway. It hasn't proved it, but it suspects they are unsafe for consumption.

The hearings to set bread standards have been going on since 1941, with time out for the war.



Close-up of Allen-Bradley control panel on Fellows Gear Shaper. Double break, silver alloy contacts need no maintenance. Good for millions of trouble free operations.



Fellows 36-INCH GEAR SHAPER

Operated by Allen-Bradley Control Panel

This large machine tool . . . made by The Fellows Gear Shaper Company of Springfield, Vermont . . . has a built-in Allen-Bradley control panel mounted in the base of the machine frame. The operating lever of the manually operated disconnect unit is attached to the control cabinet cover plate . . . making it easy to shut down the machine without opening the cabinet.

Allen-Bradley solenoid switches and contactors assure long, trouble free life, with precision machine operation and dependability. Let us send you the latest Allen-Bradley catalog.

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1332 S. Second St., Milwaukee 4, Wisconsin.



Bulletin 712 Combination Starter, showing manual disconnect unit above the starter.



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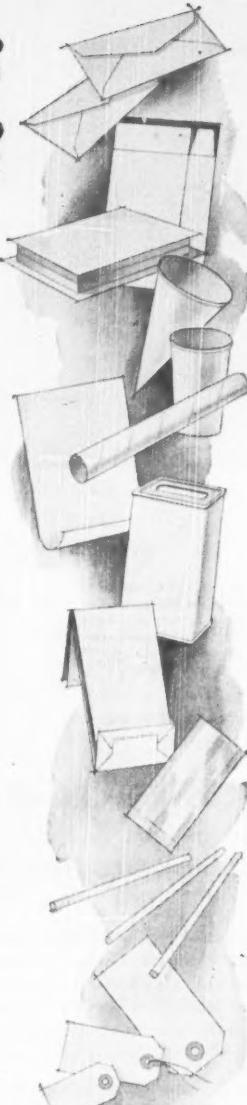
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BUSINESS BRIEFS

Bank of America handed back the 22 California banks it bought from Transamerica Corp. (BW-Jul.15'50,p20). B of A had been under a contempt citation for taking over the banks after the Federal Reserve Board had won an injunction blocking the deal. Now, purged of contempt, B of A will ask the Supreme Court to dissolve the injunction and unblock the sale.

Studebaker called a halt—temporarily—to plants for its New Jersey assembly plant (BW-Jun.24'50,p21). The reason: the need for "a thorough study of the availability of materials . . ."

The battle over disc speeds ended, at least for a while, with a decision by Columbia to make 45-rpm. records. The move follows Decca's entry into 45's last month; trade sources say it rounds out the predicted pattern of 33 1/3's for classics, 45's for popular tunes (BW-Apr.8'50,p82). There are hints now, however, that another speed may be coming.

The need for aluminum may force NSRB to divert much of the power from government powerplants in northern California to expand production of the metal. Plans would involve reopening the government-owned aluminum plant near Modesto; both Reynolds and Kaiser are reported interested in operating it.

RFC lost its court appeal and had to turn over Waltham Watch inventory to company trustees. But the agency kept Waltham's cash collateral locked in its safe. Now company trustees say they will ask for a contempt citation against RFC for refusing to obey fully a court order.

New shopping centers: Besides Marshall Field's Chicago project (page 64), plans this week involve a 60-acre center outside Milwaukee and a seven-acre mart at Great Neck, Long Island. Froedtert Enterprises (headed by Kurtis R. Froedtert, president of Froedtert Grain & Malting) will build the Milwaukee center to house a department store and 70 other businesses. The Long Island center will include John Wanamaker's first suburban store in the New York area.

Carroll Wilson angrily quit as general manager of the Atomic Energy Commission. No policy dispute was involved; he felt new AEC chairman Gordon Dean was encroaching on his managerial prerogatives. Carleton Shugg, deputy general manager, becomes acting manager.



up
down

WITH THE TV ANTENNAS
WITH THE COSTS!

When SPEED NUTS stepped into the picture for a manufacturer of television antennas, things began to happen—

- Material costs dropped \$9.60 per thousand fasteners . . .
- Assembly time costs came down 60% . . .
- Shipping damage was reduced because SPEED NUTS do not vibrate loose—units arrived intact . . .
- And, because SPEED NUTS are self-retaining, erection time of antennas was cut 30%!

All these benefits were gained by Twin-Vex

Company, Philadelphia, when they switched to SPEED NUT brand fasteners. Similar advantages can be yours. You can make sure by submitting your product for a thorough Fastening Analysis. Ask your Tinnerman representative for details. Also, write for your copy of "Savings Stories" booklet of actual case histories. TINNERMAN PRODUCTS, INC., Cleveland, Ohio. In Canada: Dominion Fasteners Limited, Hamilton. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales.

THE OLD WAY: 12 wing nuts and 12 lock washers were used to assemble antenna. Disadvantages: multiple parts handling, slow production rate, parts loss throughout vibration in transit.

THE SPEED NUT WAY: 12 Prevailing Torque (drag fit) SPEED NUTS replace 24 nuts and lock washers in old assembly. They're fast and easy to apply at factory and provide vibration-proof home installation.

TINNERMAN Speed Nuts



A good place to clinch a sale



When your advertising has sold a prospect on your brand, you're well on the way to making a sale... if you use Trade Mark Service to direct her to one of your dealers.

Trade Mark Service in the 'yellow pages' of the telephone directory gives the answer to the question that most prospects ask "Where can I buy your product?" This dealer identification plan presents the list of your local outlets under your trade-mark or brand name at the classification of your product. It is available across the nation...or in specific markets.

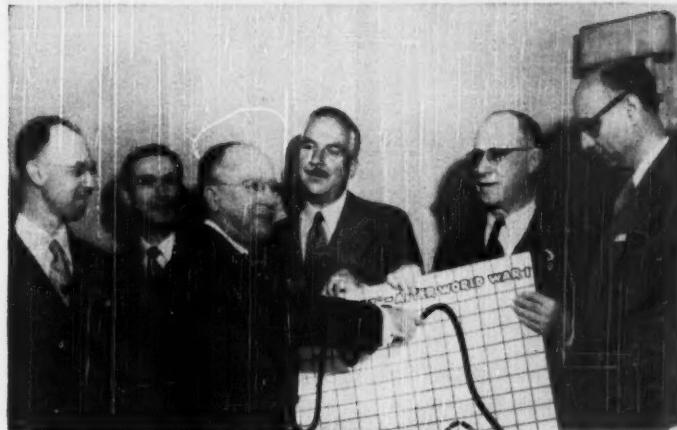
With Trade Mark Service you can turn prospects into customers...check substitution. That's the reason so many well known firms use it—you'll see their trade-marks in your own telephone directory.

Isn't it a good idea to put this sales guide to work for your product?

For further information, call your local telephone business office or see the latest issue of Standard Rate and Data.



MANAGEMENT



RESEARCH LESSON: Experts from government and industry brief Chairman Earl Crabb (pointing), Investors Diversified Services, on how to get results from industry survey.

How & Why Industry Spends

The decision on capital equipment outlays varies from firm to firm. But trend is to rely more on budgets and ceilings, screen proposals more carefully. And not all ideas come from top brass.

Any company is likely to do a lot of soul-searching before it leaps into an outlay for capital equipment. But there are no generally accepted ground rules. Just who in a company shall make the decisions, and why, are questions that each company answers for itself.

You can get some idea of the thought processes of some fairly typical companies from a new study, out this week. Executives of 13 leading companies in the Minneapolis area obliged as guinea pigs in a survey on the hows and whys of capital investment. From their answers, several important trends are apparent:

(1) Budgeting counts for more than it used to. Dollars-and-cents ceilings are set for plant and equipment outlays, usually on an annual basis.

(2) Screening of proposals is more systematic—though the routes to final approval or disapproval vary.

(3) Proposals from way down the line—all the way to machine operators—get more attention.

(4) Research units are making more suggestions. They are being expanded so they can do this job.

On the basis of the Minneapolis project, you can draw this conclusion: Top management plays the leading role in capital investment decisions; about half the time, the big brass has to O.K. even minor projects. In fact, one bar-

rrier to investment is a bottleneck in top management and engineering talent; there isn't enough to do the job.

• **The Survey**—Funds for the Minneapolis project were granted to the University of Minnesota by Investors Diversified Services, Inc. As a big investment trust, it's naturally interested in securing investments. And its officials know that the best outlet for its funds is investment in industry; hence, they are interested in what motivates capital investment.

Supervisor of the research was Arthur Upgren, economics professor at the university, with two of his associates, Professors Walter H. Heller and Carl Nelson, as co-directors. To get the best results, they consulted outside research and interview experts, such as Rensis Likert's Survey Research Center at the University of Michigan.

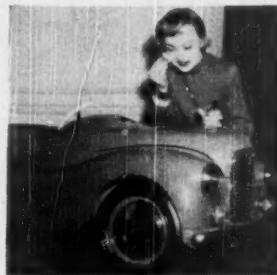
These are the companies in the interview sample: Archer-Daniels-Midland Co.; General Mills, Inc.; International Milling Co.; Minneapolis Brewing Co.; Minneapolis-Honeywell Regulator Co.; Minneapolis-Moline Co.; Minnesota Mining & Mfg. Co.; Minnesota Paints, Inc.; National Battery Co.; Pillsbury Mills, Inc.; Russell-Miller Milling Co.; Seeger Refrigerator Co.; Strutwear, Inc.

• **Questions**—The researchers asked for details on their 1950 spending plans

SILICONE NEWS

Silicones Boost Car Polish Sales

Semi-inorganics Give Welcome Shot in Arm to Many Industries



Car polish manufacturers are feverishly working the newest bonanza opened up by Dow Corning Silicones. With much of the stability of glass and the versatility of plastics, these semi-inorganic fluids give a longer lasting luster; make car polishing child's play.

Based on development work begun five years ago by Dow Corning, silicone polishes hit the west coast market in March and April. Silicone streamers blossomed out over vacant lots; speculators sold "exclusive options" on city blocks and whole territories.

Now most of the big time polish producers and dozens of smaller concerns are working overtime to supply the market for silicone car polishes—polishes that are more heat and cold resistant, more water-repellent, more weather-resistant and much easier to apply and maintain than conventional oils and waxes.

Those are the properties that have taken Dow Corning Silicones into every major industry. Water repellency in textile finishes that withstand dry cleaning and laundering; heat stability in silicone resins and varnishes that increase the life of motors, generators and transformers 10 to 1; stability in Silastic® that gives engineers a new kind of rubber serviceable from -100° to +500° F.; stability in silicone oils and greases that make permanent lubrication possible. Small wonder that

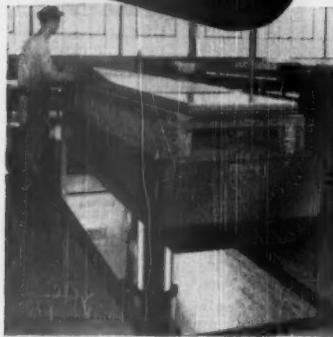
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■ Alabama Metal Lathe Company of Birmingham increases the productivity of men and machines by using six hydraulic LEVELATORS for feeding a battery of striping, cutting and expanding machines.

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Levelator Lifts

SURVEY CHIEF Arthur Upgren, U. of Minnesota.

for capital equipment. Apparently, plans of Minneapolis manufacturers more or less tally with those of companies located elsewhere in the U.S.—that is, spending at boom rate will continue (BW-Jan. 21 '50, p73). But the real meat of the survey came in answers to questions as: Does your setup for deciding on outlays promote, or block, a smooth and sizable flow of capital expenditures? Where do plant and equipment spending proposals originate? How are they screened? Who has the final word?

• **Budget, But Flexible**—The survey conductors found it hard to generalize for the companies studied. But they felt safe in reporting two specific trends: toward greater reliance on budgeting, and more systematic screening of proposals. But, they noted, there are still large and small companies that will not go along because to them any kind of systematic procedure spells bureaucracy and red tape.

Six of the 13 companies set formal but flexible capital spending ceilings for the year. Two of them adopted the system only recently. The others make capital appropriations only three months in advance, or merely on a project-by-project basis.

Most of the firms are quick to change plans even if they have been approved. One company, for example, more than doubled its investment program for 1950, and then doubled it all over again in the course of the first five months of the year.

• **Last Word**—Any expenditures except those for minor repairs and replacements go all the way to the top executive group in half the firms studied.

Other firms handle the problem at various executive levels. Four companies have broad layers of decision making. The plant managers approve the smaller items; the company produc-

SPONSOR'S CHIEF Earl E. Crabb, Minneapolis.

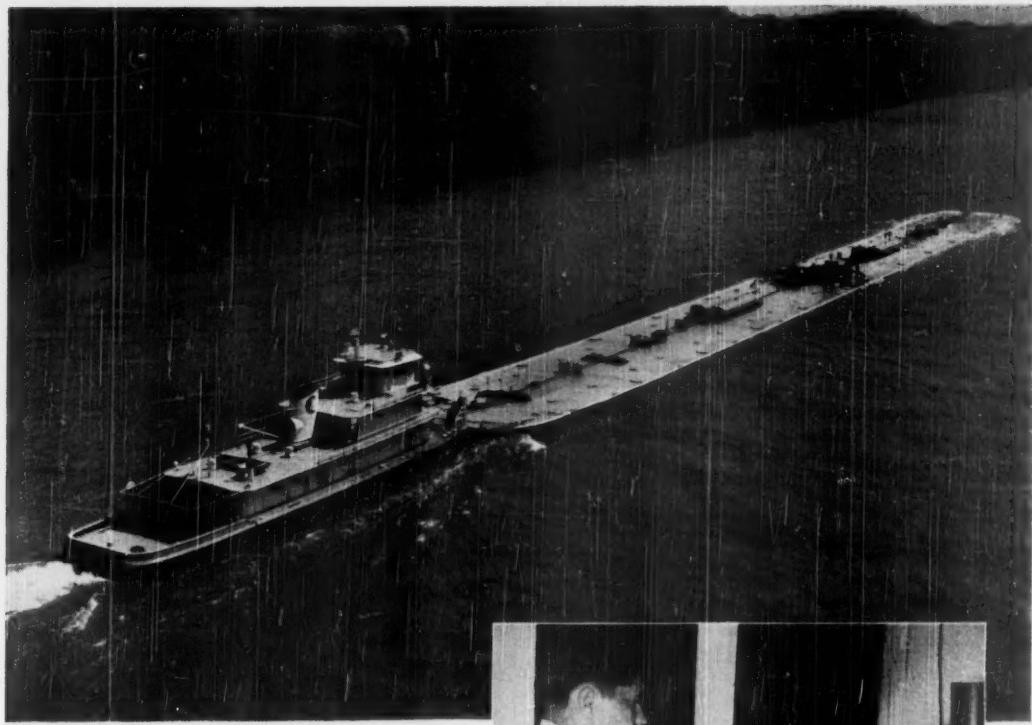
tion manager gets the next higher, and the highest (over \$10,000 usually) are put up to the executive vice-president and the directors.

One large corporation uses this schedule: Capital additions or repairs up to \$200 go to the division engineer for an O.K.; \$200 to \$500, to the head of the division; \$500 to \$4,000, appropriate general staff officer; \$4,000 to \$10,000, executive vice-president or president; \$10,000 to \$100,000, general staff committee; \$100,000 to \$250,000, executive committee; over \$250,000, board of directors.

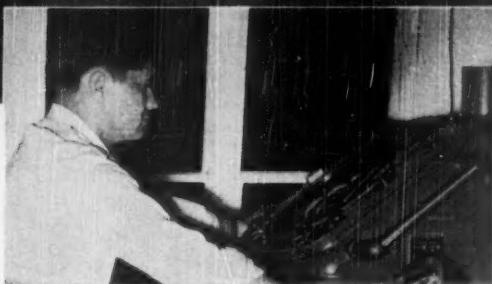
• **Talent Shortage**—A bottleneck in top engineering and management talent popped up as a surprising obstacle to smooth-flowing capital investments. The survey uncovered the bald fact that this was the case in more than half the firms. Sometimes, the postwar pace of expansion had been too fast for top staffs to handle efficiently. Other times, the spending rate was being held down to what available top talent could handle.

One company executive explained it this way: "Perfecting a layout involves a certain minimum amount of managerial and technical talent that you can't escape. You have to handle expansion projects in a series, because you simply don't have the necessary number of men of the required caliber around to keep up a doubled-up pace. If we had gone ahead too fast, we would not have been able to get either proper supervision or the technical brains required to get the bugs out."

• **Whose Ideas?**—Ideas start at all company levels. Small projects usually come from the lower tiers—skilled workers, foremen, plant engineers, superintendents. These—and proposals of research units—are getting more and more attention.



Canal Barge Company's M/V WHITE GOLD



Capt. D. H. Clark of the M/V White Gold operates Sperry Radar

Sperry Radar . . . "pays for itself,"

Says Barge Line Official

Sperry Radar will "pay for itself" in any single fog season, says Harry B. Jordan, Vice President of the Canal Barge Company, of New Orleans, by permitting operation "when otherwise tows would be tied to the bank...buoys and approaching tows can be seen with clarity."

► "Equally as helpful in aiding night navigation in narrow channels and swift currents, Sperry Radar has materially reduced the number of accidents in our

night operation on the inland waterways," Mr. Jordan adds. "Wheel damage has been lessened due to the radar's quick spotting of heavy drift masses... making it a simple matter to cut off the engines while passing over the drift."

► Canal Barge Company vessels have gained in operating efficiency, both at night and in fog, since the installation of Sperry Radar on its boats. This operating efficiency reflects the experience of Sperry-equipped craft operating

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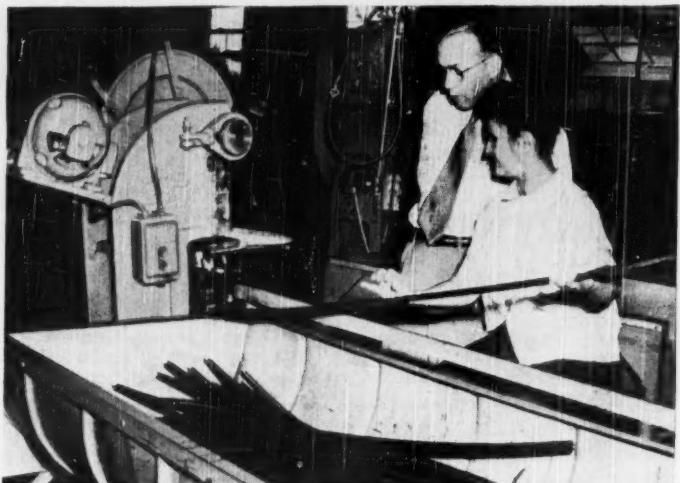
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PICTURE REPORT



COCONUT CAKES, baked by Gaylord Division employees, are cut by Standard Product's board chairman, Dr. J. S. Reid, at picnic that employees held for visiting directors.



PLANT TOUR after the picnic gave employees a chance to show their skill to top brass. President Harry D. Myers watches one phase in production of automobile window channels.

Workers Show Off Plant

The 15 employees of the Gaylord (Mich.) Division of Standard Products Co., Cleveland auto supplier, felt left out of things. They resented the implication that the Gaylord operation existed only to handle the overload from Standard Product's Port Clinton (Ohio) plant. None of them had met or even seen any of the company's top officers. They thought it was time they did.

Last week, Standard Product's top brass met Gaylord's employees—in Gay-

lord, at the employees' invitation. Twelve officers and directors from New York, Cleveland, and Detroit met in Gaylord for a plant inspection and a picnic lunch prepared by the workers. Employees went all out to show their skill in producing window channels and door locks for the auto industry. Company officers watched, listened, and ate appreciatively. Said one employee when the shindig was over: "They seemed like real nice guys."

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CITIES

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New Orleans Untangles Its Railroad Snarl



Five Stations Combine Into One

New Orleans scraps its complicated railroad setup for a new union terminal. It will mean safer streets, traffic speedup. City and rails share expenses for the long construction job.

One of the worst city rail-traffic snarls in the U.S. was on its way to untangling last week. New Orleans is in the process of boiling down its five dingy terminals into one brand-new station, the Union Terminal.

To unscramble all the strands of shuttling freight and passenger track that enmesh the Crescent City is a vast undertaking. There's a great deal more to it than building a terminal structure. It involves rerouting 144 miles of tracks, construction of some 24 overpasses and underpasses. And it has involved hot words, heckling, and litigation.

The project was blueprinted shortly after the war ended (BW-Apr. 6 '46, p30). Some of it already shows up in concrete; two of the passes have been

completed. Contracts were being let last week for construction of the newest underpass. The whole shooting match is expected to be in operation by 1953.

New Orleanians think it's about time. They have wanted a union station for 50 years. The crazy-quilt setup meant danger at grade crossings, hold-ups on main thoroughfares while trains backed and filled. It also meant pyramiding of freight-handling costs.

• **A Start**—During World War II, Robert Maestri, then mayor, appointed a commission, headed by Seven Up bottler William Zettemann, to see what could be done. In due course, the commission handed its plan to Maestri. And then the trouble started.

Soon after the commission finished

its work, Maestri was unseated. The present mayor, deLeseps Story Morrison, took over. He was prime mover in getting the 1946 legislature to authorize a bond issue election to finance the station.

• **Troubles**—The Old Regular political faction, which had done the first spade work on the project, turned against it. Theo. O. Hotard, property commissioner, elected as a Morrison supporter, now swung into the Old Regular camp. He and Allen Johness, who owned extensive property along the projected right-of-way, filed suits against the project—mainly because of the financing setup. Both suits were finally thrown out of court, but they held up sale of the bonds for almost two years.

There were minor squabbles, too. Every neighborhood group wanted the new station in somebody else's backyard. Finally, the city settled for the present site of the Illinois Central system terminal.

And there was the burning question of architecture. One school demanded that the new terminal be designed in traditional French Quarter style. The modernists won out.

• **Financing**—A crucial problem, of course, was financing. In all, about \$50-million will be spent between now and 1953. Not all of it is tied in directly with the terminal plan. Some funds are going into civic improvement—Morrison packaged a civic center, slum clearance, and street work with the rail project when the bond issue was voted.

The city and the participating roads share the financing, with state and federal aid on the highway work. The city makes out pretty well on the deal. Here's how it breaks down:

• About \$12-million of one municipal bond issue will pay the city's share of grade separation work.

• A \$15-million bond issue pays the railroads' share and buys part of the station facilities. These bonds bear the city's name, but they are secured by the roads (Kansas City Southern; Louisiana & Arkansas; Louisville & Nashville; Southern; Southern Pacific; Missouri Pacific; Texas & Pacific; Gulf, Mobile & Ohio; Illinois Central). City taxpayers can't be held liable for any of this pavement.

• Rail lines will put up another \$2.2-million to meet further costs. They will pay to relay practically all the trackage.

• **In Solido**—There's one unusual angle in the contract: The roads have agreed to make themselves responsible for the bonds "in solido." That means each road assumes the others' obligations in addition to its own.

Once the bonds have been retired, in 1948, the roads will pay ad valorem taxes—but not before.

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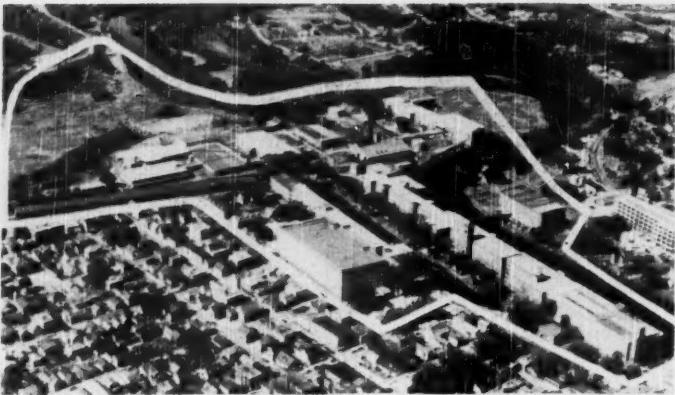
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NASHUA (N. H.) MILLS, abandoned 19 months ago by Textron, are almost filled with new industry today, thanks to the work of the Nashua-New Hampshire Foundation.

Nashua Recovers Its Industry

Citizen's trust in N. H. mill town buys plants abandoned by Textron, fills them again with new, diversified industry.

Nashua, New Hampshire, is back on its feet. A little less than two years ago, the Merrimac Valley mill town was about ready to go down for the count when Textron, Inc., shut its big Nashua Mfg. Co. mills (BW-Oct. 23rd, p44). Some 3,500 workers—a quarter of the city's labor force—lost their jobs. Over 24-million sq. ft. of factory space lay empty. Nashua's citizens groaned under a terrific relief load, mounting property taxes, and lost sales to local merchants. It looked like a K.O.

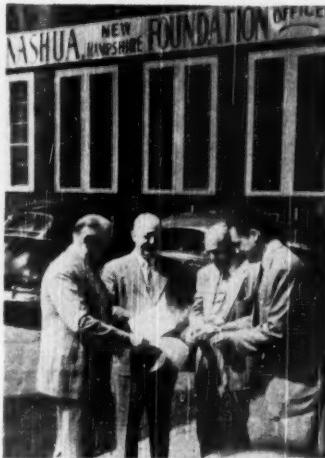
• **Recovery**—Today, about 4,500 workers punch clocks in the old blanket mills where 3,000 worked when Textron's haymaker landed. With less than 1,600 unemployed—about 6% of the labor force—Nashua has leaped from the highest to the lowest unemployment ratio in the state. All but 293,600 sq. ft. of the once bare mill floors now vibrate under the machines of 15 new industries.

To top it all, the nonprofit Nashua-New Hampshire Foundation that Nashua's citizens created to save their city signed a check last week that lifted it clean out of the red.

All this in less than two years.

How Nashua turned this trick is a story mostly of courage and hard work, coupled with astute Yankee trading.

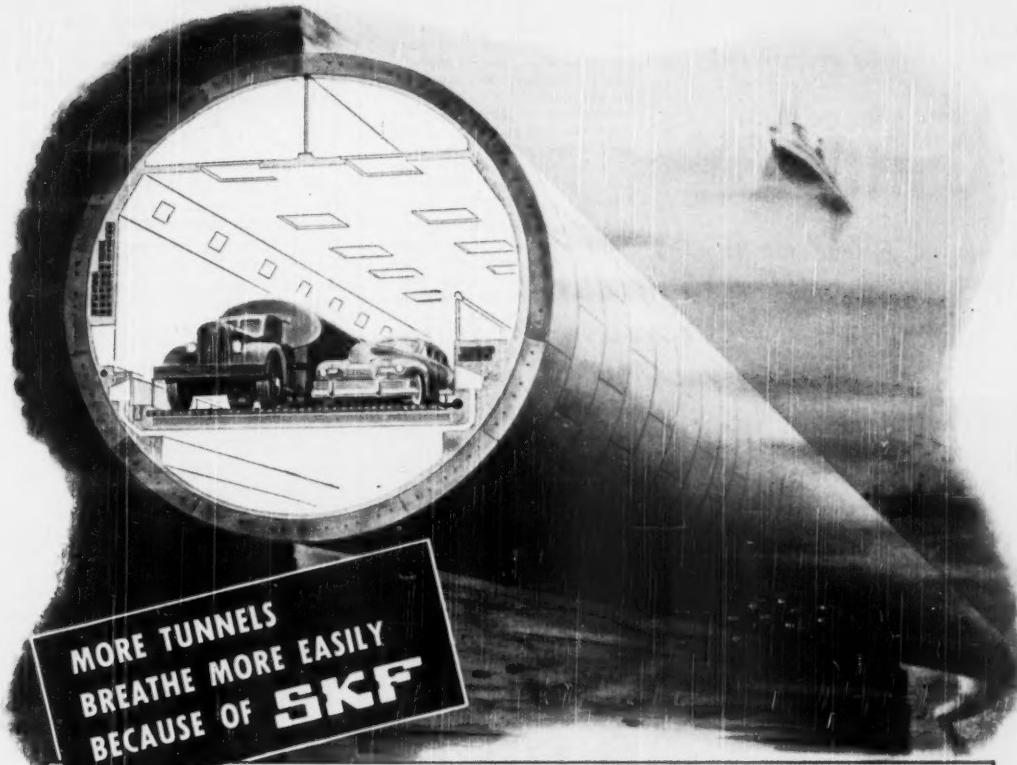
• **Foundation Formed**—Royal Little, Textron's president, announced in September, 1948, that his company would abandon its 34-million sq. ft. of blanket and sheeting mills the following Dec.



BURNING \$400,000 mortgage smoked Nashua Foundation out of the red.

31. In the three-month grace period, Nashua's bankers, businessmen, city officials, and the CIO Textile Workers Union worked desperately. The citizens' committee decided to form an organization to buy the Nashua Mfg. mills from Textron. Interestingly, they decided on a charitable trust, which bears similarities to the type of organization that Royal Little himself has often formed in the past.

A handful of Nashua's businesses, banks, and two or three individuals put up \$15,000 each—confident at the time that they would never get it back. The trust is administered by six trustees: Eliot A. Carter, vice-president of Nashua Gummmed & Coated Paper Co.; Francis P. Murphy, ex-Governor of



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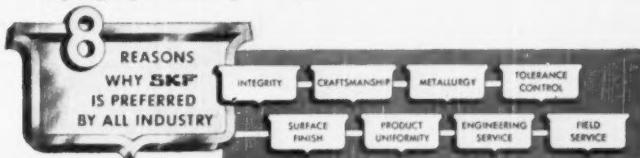
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LINCOLN TUNNEL, New York - North Tube	20	Westinghouse Electric Corp. - Sturtevant Division
QUEENS MIDTOWN TUNNEL, New York	46	Westinghouse Electric Corp. - Sturtevant Division
GEORGE WASHINGTON BRIDGE APPROACH TUNNEL, New York	8	American Blower Corp.
PENNSYLVANIA TURNPIKE - 7 TUNNELS	26	Westinghouse Electric Corp. - Sturtevant Division
BANKHEAD TUNNEL, Mobile, Ala.	3	Clarge Fan Company
BROOKLYN BATTERY TUNNEL, New York	53	Westinghouse Electric Corp. - Sturtevant Division
BROOKLYN BATTERY APPROACH TUNNEL, New York	12	Westinghouse Electric Corp. - Sturtevant Division
WASHBURN TUNNEL, Houston, Texas	5	Westinghouse Electric Corp. - Sturtevant Division



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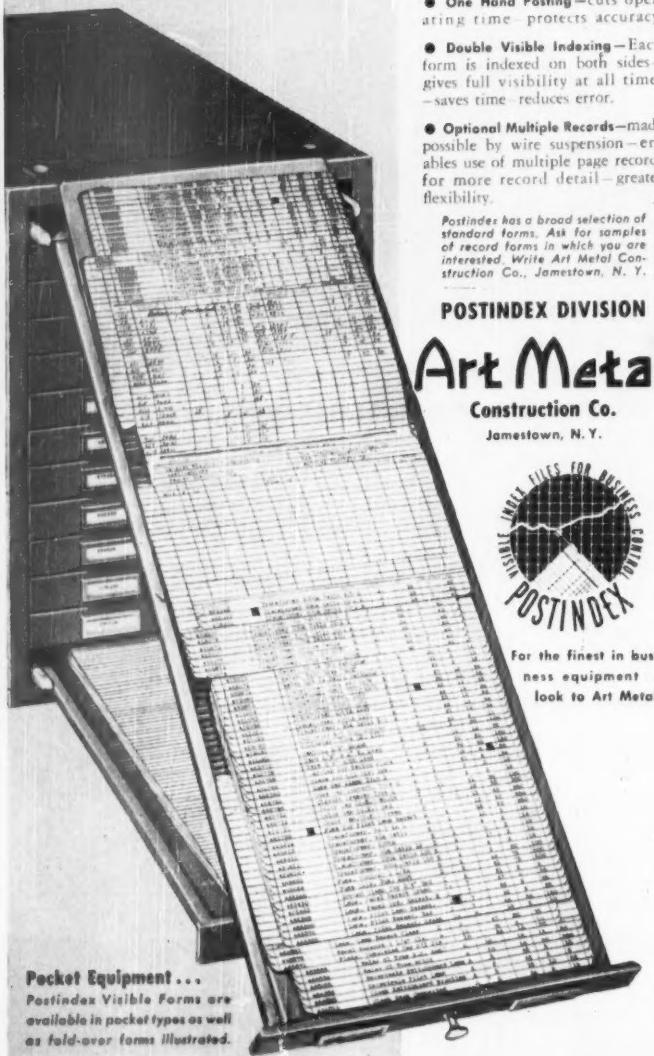
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New Hampshire; Hugh Gregg, Nashua's 31-year-old mayor; George J. Gordon, president of Gordon Mfg. Co.; William J. Barrett, vice-president of Nashua Trust Co.; and Walter Whipple, retired mill agent for the old Nashua Mfg. Co., predecessors to Textron.

The foundation is so set up that its profits—if any—go to Crotchet Mountain Fund, the beneficiary of which is Crotchet Mountain Children's Hospital. Besides its exemption from federal taxes, the Nashua foundation could also be free of state and city taxes; but its policy is to pay these.

- **\$500,000 Bargain**—With \$105,000 contributed in trust, the foundation dickered with Royal Little for the purchase of the mill property. Little is said to have valued the property at \$1½-million. The foundation bought it from him for \$500,000. It paid \$100,000 in cash and borrowed the remaining \$400,000 on a 10-year mortgage on the mills.

The next job was to fill the mills with new industries. Curiously, the first customer was Textron. As soon as the deal was closed, Textron turned around and took a 10-year lease on the 1-million sq. ft. Jackson mills, one of the properties just sold. Employing 1,700 in these mills, Textron is still Nashua's biggest employer.

- **Yankee Swapper**—The foundation then signed up Lawrence C. Plowman as general manager of its industry-procurement project. As head of the Greater Portland Development Commission in Portland, Me., Plowman had made a name for himself filling War Assets shipyards with peacetime industry. He continues to manage both the Portland and the Nashua projects, spending three days a week in each city, commuting the 100 mi. between them by car.

Nashuans pin most of the credit for their success in getting new industry on Plowman. His shrewd Yankee trading results in closed deals almost 100% of the time. His job is to fit prospective buyers into available space, take care of engineering details plus plumbing, lighting, power, taxes, rent or purchase price, and to arrange the financing. If everything fits, the foundation has a tenant or a buyer. And Plowman makes things fit.

- **Fast Fill**—In 19 months, the foundation has sold 957,151 sq. ft. of floor space for \$430,000. It has found lessors for 1,249,249 sq. ft. from whom it collects \$9,000 a month in rentals.

In some of the three- and four-story mills, a different tenant occupies each floor. The foundation went after diversified, depression-proof industries—and got them. Small companies now in the former Textron buildings manufacture shoes, textiles, phonograph nee-

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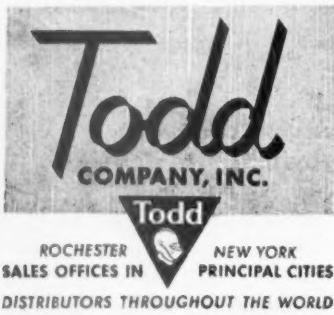
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With only 293,600 sq. ft. left to fill, the foundation is now actually worrying about a shortage of factory space. It has more prospects on the hook than it can land. To take care of them, the foundation recently announced that it would build a \$1-million single-story, windowless, air-conditioned plant made ready for any occupant that would lease it. The foundation is now screening several applicants that are ready to sign.

• **In the Black**—In a remarkably short time, the foundation has put itself in a position to finance this \$1-million plant project. It is clear of outside debt. It burned its \$400,000 mortgage on the mill property last week (picture, page 38) after paying the last instalment on it to a Philadelphia insurance company. It has \$75,000 in its treasury. Still left to be paid off are the \$105,000 in notes that started the ball rolling. Trustees think that they will be able to pay these off within a month or two, though none of the original contributors is calling.

So there's a lot of back-slapping around Nashua today. The city is proud that it has pulled out of a tough unemployment spot by itself. The foundation has saved the jobs of about 2,800 men and women. That represents about \$125,000 a week in purchasing power at the local average rate of wages.

• **Full-Employment Prosperity**—And the pay-off is obvious to a visitor. Out through the residential district, things look pretty prosperous. Savings are up and retail sales are good. TV antennas sprout out of an increasing number of roofs, in spite of poor reception from distant Boston. The Nashua Realtors Board is trying to whip up a housing program to ease a rapidly growing shortage. Bankers say that plenty of people would build but "these fellows want a \$12,000 house and all they can afford is \$6,000."

Thriving industry and jobs also make the city's budget tick. Mayor Gregg recently cut the tax rate. It's the first time it has been cut in a score of years. The former marine has done it by slashing city costs where they have long needed slashing.

• **No Hard Feeling**—The pride of earned prosperity is so strong in Nashua that evidence of hard feelings toward Textron's Royal Little are rare. Instead, Little is generally credited with being the inspiration of an industrial renaissance in the area. Before Textron pulled out, Nashua was essentially a one-industry town—highly vulnerable to one-industry fluctuations. Now, thanks to Little—and to local gumption—Nashua has what it believes is depression-proof diversification.

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Show this picture in any land . . . it says, unmistakably, America. For here is the envy of the world, a miracle of materials handling—The American production line.

And all along the line is the familiar name plate — **P & H**

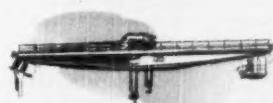
It's there on the husky electric hoists that take the loads from the backs of men . . . that keep production flowing swiftly, smoothly "thru-the-air." P&H, the sign of Added Values . . . in easy push-button control . . . greater safety . . . lifetime construction. But most of all, in *reputation*. For it identifies the high standards of Quality and Service that have made P&H America's largest builder of overhead materials handling equipment.



ELECTRIC
HOISTS



TRUCK CRANES



OVERHEAD CRANES



HOMES



DIESEL ENGINES



WELDING EQUIPMENT

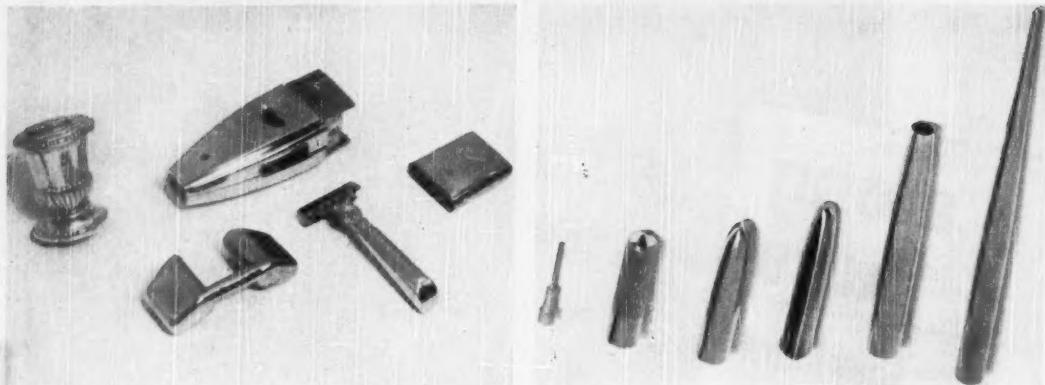


SOIL STABILIZERS



EXCAVATORS

PRODUCTION



ON DISPLAY: Lighter housing and shavers were nickel-coated over plastic by electroforming. Hollow float (lower center) was formed in two parts, joined together by electroforming.

ODD SHAPES come out of the electroforming bath, all ready for assembly. These thin-wall pieces took the form of the mandrel (or mold) on which the metal was deposited.

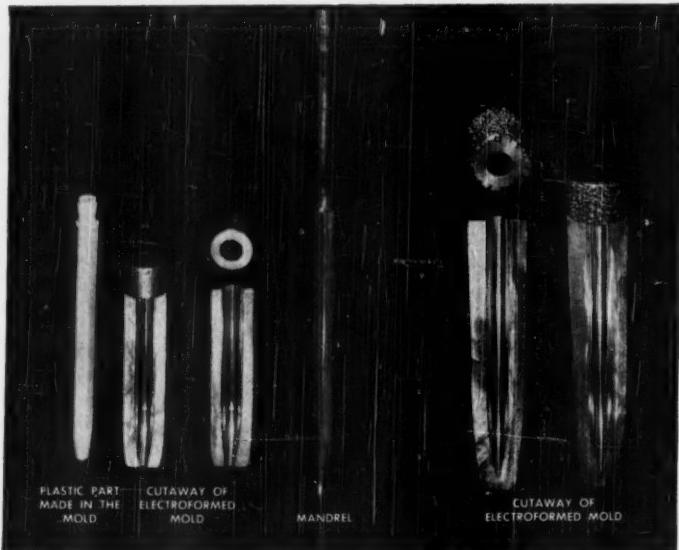
Make It or Decorate It With Electricity

Electroforming turns out parts and molds for everything from gadgets to machine parts. It's cheap and efficient.

The electroforming process, like many other special techniques, got a lift during the war. Now it's due for another. Electroforming is the process that uses the principles of electroplating to build up metal around a mandrel—or form. During the war, it was used to make tire molds. More recently, it has taken on other jobs: production of thin-walled tubular parts, plastic-molding dies, and even the joining of metal to metal.

• **Mandrel in Bath**—In electroforming, you suspend a mandrel in a metal solution, and pass an electric current through the bath. The current acts on the metal, deposits it on the mandrel. The shape of the product is dictated by the mandrel on which the metal deposits. If the mandrel is highly polished, you can get products—such as molds for forming plastics—with highly smooth surfaces. It's easy to get close dimensional tolerances. And one of the most recent developments—a "one-shot," fusible mandrel that is just melted out of the part after it is formed—may make limited or experimental production more economical.

The metals can be deposited on permanent mandrels, on fusible forms, or on premolded plastic parts. The electrolytic bath is precisely controlled. By varying the current, the strength of the



MANY FROM ONE: Mandrel shapes metal molds. These in turn form plastic parts. Since molds have very smooth surface, no machining is required.

bath, and the time of immersion, you can control the thickness of the metal; you can also regulate the speed with which the metal is deposited.

• **Promoter**—Camin Laboratories, Inc., 104 S. 4th St., Brooklyn, N. Y., are specialists in electroforming. Etienne Camin, president of the outfit, worked during the war on military applications of electroforming. Since then, Camin

and his right-hand men, Heinz Pulverman and Samuel Fialkoff, have been busy adapting and promoting electroforming for industrial uses—making thin-walled, elliptical-shaped fountain pen caps, for instance. The company has produced, at competitive prices, tapered parts, thin-walled tubes, special extrusion dies.

In a report published this week in

Product Engineering, a McGraw-Hill publication, Camin and his associates cite five good reasons why industry should take a close look at the electro-forming process:

(1) Many precision tubular parts can be made faster and more economically than by other forming operations. One-piece, compound-shaped tubes having any combination of bends, straight edges, and twists can be electroformed to very close angle tolerances.

(2) Electrodeposition on a plastic gives a lightweight part that looks good and costs little.

(3) The use of fusible, instead of permanent mandrels, may make practical a part that would be difficult or impossible to make by any other method. Some shapes would be so complicated you couldn't ever get a permanent mandrel out; the fusible mandrel can be melted out much as wax is melted out of a precision investment mold.

(4) With either permanent or fusible mandrels, limited quantities of a part can be economically produced during developmental stages for test and inspection. Even a permanent mandrel is relatively inexpensive to make since it's the external contour that counts, not the internal as in a die.

(5) Joining by electroforming is often less costly than by a conventional technique such as brazing or soldering—especially for thin-walled parts that don't take kindly to the more strenuous processes.

• Nickel Preferred—It's possible to use several metals in this process. But the latest techniques have centered around nickel, copper, and iron. Nickel has several advantages. As compared with copper, iron, and the precious metals, it has a relatively high deposition rate, (0.010 to 0.015 in. per hour for straight-section tubular parts). Nickel is the accepted base for chromium and other metal finishes. And it has a generally high hardness range, depending on the type of bath and the rate of deposition.

• Close Tolerances—Because you can reproduce mandrel dimensions exactly, you can get mass duplication of parts to close tolerances. Permanent, hardened steel mandrels are coated with a lubricant to keep the mandrel from bonding with the plated shell. When such mandrels are machined and precision ground, it's possible to get interior diameter tolerances of plus or minus 0.0005 in. Plating costs vary with the thickness required, the complexity of the shape, and the number of parts made.

Closely tolerances can also be held on complicated shapes having undercuts and special contours. For these shapes, you have to use fusible mandrels that are carefully cast and finished. Tolerances are usually held to plus or minus 0.002 in. Greater accuracy is possible,

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AIRCO RESEARCH tames *the tough-to-weld metals*

Air Reduction's planned research and development program has brought forth many new products and techniques for the metal working industry—the latest is the patented Aircomatic® Process.

Without a doubt, this revolutionary welding process represents one of the greatest advances in metal working history. It is a gas-shielded metal arc method of welding which permits the joining of aluminum, aluminum bronze and stainless steel—in all positions at welding speeds higher than ever before possible.

Continuous feeding of filler metal, and inert gas shielding, are the two main features that give this new weld-

ing method its exceptional speed and flexibility. A bare filler metal, in wire form, is fed continuously through a specially designed gun . . . and, of utmost importance, the process deposits a weld metal with an analysis almost identical to the base metal.

Further, to widen the field of Aircomatic application, Airco research is still working to achieve higher welding speeds and greater welding economies.

But, research on this high-speed welding technique is only one phase of Air Reduction's accelerated program. This same forward thinking is at work in the development of oxygen and acetylene processes—and products—for the entire metal industry.



AIR REDUCTION
Offices in Principal Cities

TECHNICAL SALES SERVICE—ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS

but then you run into the economic problems of reproducing the "one-shot" disposable mandrels.

• **Products**—Suppose you wanted to make an instrument float, the kind that's used in a fuel tank to indicate its contents. First, you plate the left and right bulbs of the float on fusible forms. Then you melt the forms out, jig the halves in position and plate them together by electro-forming.

Capillary tubing with a wall thickness of only 0.005 in. and an inside diameter of 0.002 in. can be formed on a wire mandrel. That way, you avoid the difficulty and high cost of drawing and annealing such small tubing. And it's easy to produce precision tubing of nonstandard dimensions.

• **Molds**—Instead of a part, you can make electroformed female molds. These are gaining popularity as substitutes for steel molds in mass-producing such long, slender, plastic parts as hexagon-shaped pencil barrels and aircraft nose intake ducts. These cavities cost much less than hobbed molds.

Lower cost isn't the only advantage of electroformed molds. The part comes out of the cavity with no flash or excess metal, and it has a smooth finish. It usually takes just a simple trimming to finish up the job. And you can use corrosion-resistant materials like nickel that would be too expensive to machine.

• **Coatings**—Decorative and electrical coatings on plastics and nonconductors are still another field for electrodeposited metals. Many of the thermoplastic, thermosetting, or nonplasticized synthetics can be electroplated if they are just coated with a film of pure silver to make them conductive. Nickel or copper is then electroformed on the silver. Over this goes a coat of chromium gold, or other metal. Final plating can be quite thin for a decorative finish, or thicker for wear resistance.

Economical sandwich constructions can be obtained by plating a plastic core with copper to make an electrically or thermally conductive surface. Such a construction costs less, weighs less.

SETS UPSET AIRWAYS

The living room radio or television set isn't as harmless as it looks. The Federal Communications Commission reports that many FM and TV receivers may be interfering dangerously with airways navigation and landing aids. FCC points out that sets with poor circuit design are potential broadcasting stations and can send out weak signals of their own. Although the interference output of the individual set may be small, several hundred sets within a small area can mean trouble.

Moderate to serious interference has been spotted at Albuquerque, Minneapolis, Kansas City, and New York.

"A QUALIFIED LIFE INSURANCE COMPANY SHOULD ADMINISTER THE PENSION FUND"

SAYS GENERAL ROBERT W. JOHNSON

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GENERAL ROBERT W. JOHNSON
CHAIRMAN OF THE BOARD
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2

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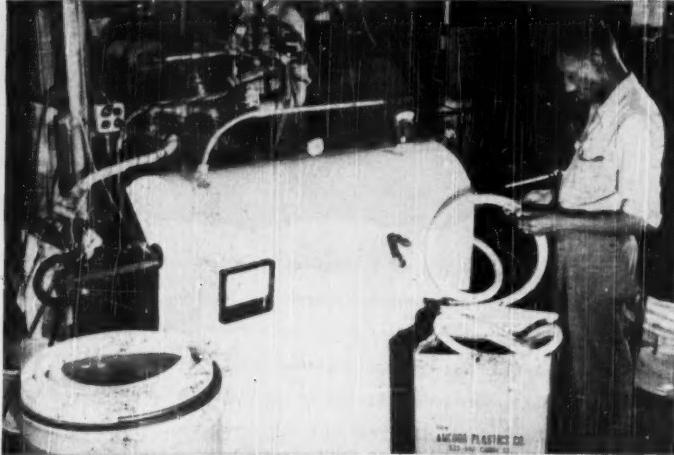
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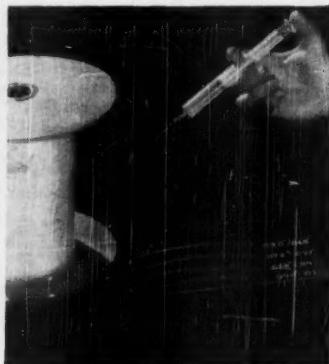
See how others benefit with Lorain Self-Propelled Cranes on material handling jobs. Write on your letterhead for free booklet — or for the name of your nearest Thew-Lorain Distributor.



CURLED TO ORDER: To make plastic rings for television tubes, Anchor has special process that extrudes plastic strip in curls. When strip is cut, it snaps to ring shape.



PERFECT FIT: Ring circles front rim of TV tube, both supports it and insulates it.



SUPERFINE extruded tubing for surgery has inside diameter as small as 0.020 in.

Plastic "Spaghetti" for Industry Parts

Anchor Plastics Co., Inc., New York, makes its bread and butter out of jobs that many plastics fabricators won't touch. The company specializes in complicated extrusions—a process that is something like squeezing toothpaste out of a tube.

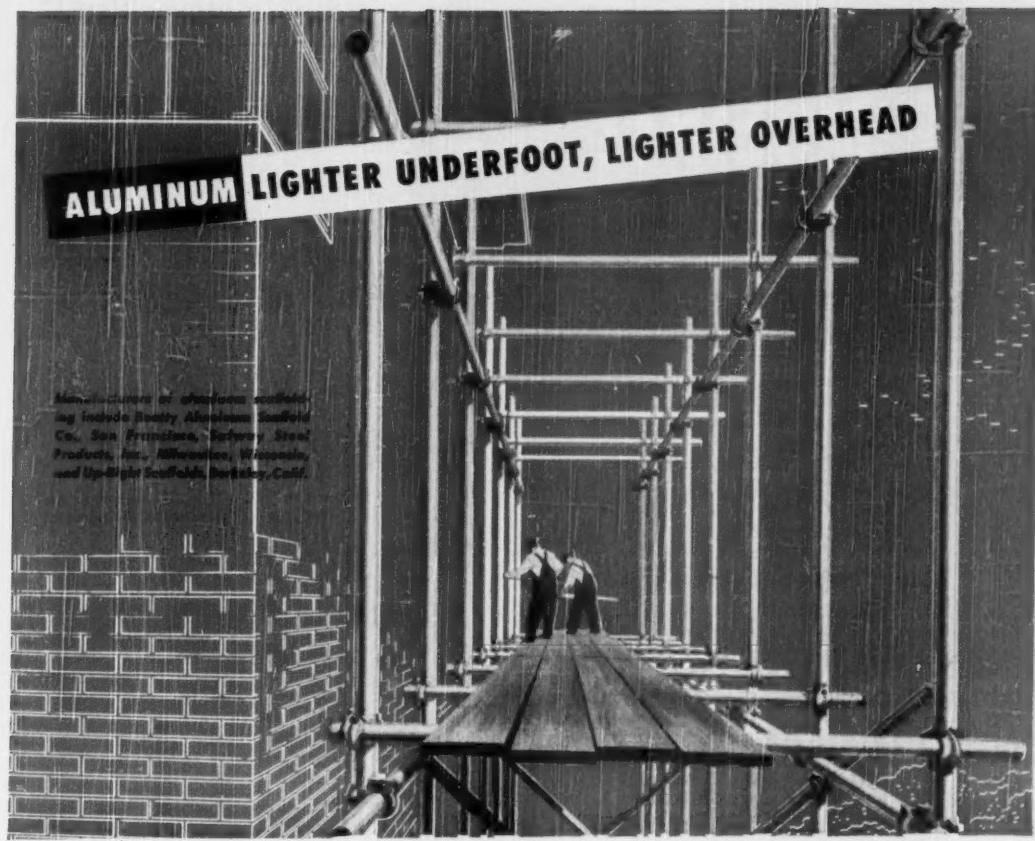
• **Rings and Curls**—One of Anchor's most successful hard-to-make parts is a plastic ring used in mounting and insulating the picture tube inside a television set. The ring looks like an overgrown washer and is grooved around its outer edge so that a rubber band will hold it together.

Anchor makes the part by curling the polyethylene plastic as it oozes out of the extruding machine. The long, continuous strip is wound so that it looks a good bit like a giant pig's tail. When the strip is cut to length, the curl makes it snap into a ringlike shape. Just how

the company does the curling, engineers won't say. Until patents are issued on the process, Anchor is keeping quiet.

Forming parts at high tolerances is still another Anchor specialty. For medical applications, extrusion turns out spaghetti-thin tubing with inside diameters of less than 1/50 in.

• **Sausage to Plastic**—Richard A. Fisch, president of Anchor, grew up with the plastics business. As a student in Germany, he first tried his hand at sausage casings. The casings—like celluloid, the grandfather of plastics—were turned out by wet extrusion. The base material was mixed with a liquid solvent, then squeezed or extruded through a die. Today, the basic principles of extrusion still hold. But now, Fisch has to work with a lot more complicated materials, such as plastics that are heated instead of liquefied before forming.



Manufacturers of aluminum scaffolding include: Ready Ready Aluminum Scaffold Co., San Francisco; Western Steel Products Inc., Milwaukee, Wisconsin; and Up-Light Scaffold, Berkeley, Calif.

Again Aluminum, "The Weight Lifter," Performs for Business

It used to take three times as long to put up scaffolds and staging. And it took that much more time and manpower to dismantle each heavy piece. Transporting heavy metal from warehouse to job site piled on more costs, and painting to prevent rust made the bill for maintenance a big item.

Small wonder then that contractors looked for a lighter material with plenty of strength to pull overhead "down to earth". The answer is Reynolds Aluminum . . . $\frac{1}{3}$ the weight of ordinary metal, saving money on more and more products; even to the day it is taken out of service and its higher salvage value is returned. Aluminum may be the answer to improvements and sales power for your products.

There's a lot you should know about aluminum. It has become a whole family of metals . . . able to do more things than most metals and do them better, more economically. Get underway in cutting overhead. Call a Reynolds Office or Distributor listed in your classified directory under "Aluminum". You'll get experience and genuine help in making the best use — the most economical use of modern aluminum.

Design Ideas



Send for the 12-page Reynolds Product Design folder for a quick review of aluminum's possibilities in your production. Call your nearest Reynolds office or write to Reynolds Metals Company, 2585 South Third St., Louisville 1, Kentucky.



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A manufacturer told us recently: "Our technicians have decided we must standardize on MOSINEE." The reason, no doubt, was the *dependable uniformity* of MOSINEE—"more than paper." It assured the same unvarying results every time. MOSINEE "paperologists" may be able to help you solve a problem involving paper. It may pay you to contact them. Write Dept. BW—no obligation to you.

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Synthetic clouds made by a spray device are used for de-icing experiments at National Advisory Committee for Aeronautics' Cleveland laboratory. The device simulates various cloud types, moisture contents, and velocities.

Titanium metal has a new producer formed under joint ownership of Remington Arms Co., Inc., and Crucible Steel Co. of America. Pittsburgh is the current choice for the company's headquarters.

An electronic traffic control, built by General Electric for the city of Denver, gauges downtown traffic automatically, then regulates city stoplights to meet traffic conditions.

Plantation Pipe Line Co. plans a new system from Baton Rouge to Greensboro, N. C., that will carry 95,000 bbl. per day. Total cost: \$50-million.

Benzene and phenol shortage has started a U. S. Bureau of Mines' investigation of oil shale and coal as a possible source of the critical chemicals.

A 60,000 bbl.-per-day cat cracker is slated for construction by M. W. Kellogg Co. at Gulf Oil Corp.'s Port Arthur (Tex.) refinery.

Cotton bags impregnated with pyrethrum are being checked by Dept. of Agriculture for resistance to insects. The processing technique adds about 1¢ per yard to the cost of bagging cloth.

Color TV transmission system developed by General Electric Co. has been submitted to Federal Communications Commission. It sends red, blue, and green color signals simultaneously on one channel.

Powdered Iron Corp., Detroit, uses borings and turnings to produce powdered iron electrolytically. Its fuzzy particle shape makes particles stick together better under lighter pressures.

New plants and new owners: Alvey Conveyor Mfg. Co. has opened a \$1-million plant at St. Louis. . . . National Supply Co. bought the engine division of Atlas Imperial Diesel Engine Co. . . . A plating plant goes up next fall at Monroe, Mich., for Ford Motor Co. Ford also plans to build a 640-cars-per-day assembly plant at Wayne, Mich. It will assemble Lincolns. . . . Food Machinery & Chemical Corp. plans to build a \$3.5-million phosphorus-making plant near Lawrence, Kan., next year.



HOW A

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Considering the gigantic size of manufacturing operations in the automobile industry, it is not surprising that the largest industrial power station in the world serves an automobile plant — the great Rouge Plant of the Ford Motor Company. No industrial power plant has kept so closely abreast of progress in steam generation as the one at Rouge. When it was built in 1920 it was the first industrial power plant to be designed for the use of pulverized coal and its boilers were the largest ever built. Yet within the next ten years four of the original boilers were rebuilt to take advantage of newly developed improvements and ten years later the remaining four had been replaced with the largest high pressure boilers of their time. Thus, within twenty years the world's largest and most efficient industrial power plant had nearly quadrupled its capacity and substantially increased its efficiency.

All the boilers and related equipment installed at Rouge... initially and through every stage of its modernization... have been of C-E design and manufacture. The experience of building these and many other boilers which have set new standards of practice and performance is built into every boiler which bears the C-E nameplate. It's an important part of the value you get when you buy from Combustion, and this is equally true whether your steam requirements be large or small. C-E experience — focused on your needs to bring you a better boiler — is freely available. A letter stating your problem will receive immediate attention.

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The Cleco 1480 Pneumatic Edge Grinder is the fastest and most economical tool for finishing welds, cutting out defective welds, etc.—especially on such tough metals as monel and stainless steel.

A Cleco Field Engineer can help you with your problems whether they be grinding, chipping, drilling, screwdriving or nut running. Air power can help you cut production costs. A word from you will get a Cleco Engineer on the job immediately.

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NEW PRODUCTS



BLOWTorch BLAST leaves Permaproofed cloth scared but whole.

Fireproof—By Accident

Treesdale Laboratories didn't discover its new compound was a fireproofing agent until a lab stove blew up.

Ten years ago, a chemist at Treesdale Laboratories thought he had a compound to stop mildew. But when a stove blew up, and the compound sprayed around the room, he discovered he had a fireproofing agent. For he found that a piece of cloth saturated with the liquid wouldn't burn even over an open flame.

Since then, Treesdale, with the help of B. F. Goodrich Chemical Co., has perfected the compound, which it calls Permaproof 300. Today, ready for the market, the agent will treat cloth so that the fabric retains much of its softness and porosity and all its color. Made from a vinyl latex base, the chemical leaves cloth free from skin poisons and irritants. On top of that, the fabric is shrinkproof, mildewproof, and durable—even after commercial washing.

• **Fried and Proved**—Two years ago, Jones & Laughlin Steel Corp. got wind of Permaproof 300. Up till then, the company had used cloth treated with soluble flameproofing chemicals. But after each washing, the cloth had to be re-treated; sometimes, someone would forget the treatment, and steelworkers often suffered serious burns.

After J&L's Safety Dept. had tested Permaproof, the company decided to switch to the new agent. Today, Reidbord Bros. in Pittsburgh, makers of in-

dustrial clothing, treats the cloth for J&L. The fabrics stand up well, and although they will char, they won't burn.

Cost of Permaproof 300 ranges from 17¢ to 28¢ a lb., depending upon the type of cloth and variants of the compound. Treesdale hopes to have it used in flameproofing aprons and mattresses soon.

• Source: Treesdale Laboratories, Inc., Mars, Pa.

URANIUM DOUBLECHECKER

All that clicks a Geiger counter is not uranium. There are more than 35 non-uranium ores that are radioactive. Consequently, most of the 12,000 ore samples that uranium hunters have sent in to Atomic Energy Commission laboratories are not uranium at all.

The treasure hunters could save themselves some time—and save AEC some trouble—by checking their finds with a Fluoretor. That's a portable ultra-violet ray projector that measures fluorescence. If an ore is both radioactive and fluorescent, it's almost sure to contain uranium.

The Fluoretor is a development of Menlo Research Laboratory, Atherton, Calif. The instrument consists of a small, light-proof chamber and inter-



Shown here operating in multiple are two of the three Cooper-Bessemer-powered 70-ton locomotives on the Frankfort & Cincinnati Railroad — nicknamed "The Whiskey Railroad of the World".

How "three of a kind" saved a railroad

FOR years America's 300 short-line railroads have been mighty hard hit by skyrocketing costs and growing competition. The Frankfort & Cincinnati Railroad is typical—and, like so many other roads of late, has come up with the answer . . . 100% diesel power! In the words of George L. Fowler, President, "If it hadn't been for the money saved by our diesel locomotives, our road just couldn't operate."

Now, on this short-line road, three Cooper-Bessemer-powered G. E. 70-ton locomotives have taken over the job, replacing seven steamers. Result? Maintenance cost has dropped from one-half to one-fifth of a cent per ton mile, and the fuel bill has been cut in two! The overall saving . . . a 68% reduction in operating costs . . . literally *saved* the railroad.

It takes extra good diesels to show results like this, month after month, year in, year out. Make no mistake about that. And it's the kind of performance built into Cooper-Bessemer diesels by engineers who are con-

stantly working out and successfully applying new ideas to lower the cost of engine power.

If you are directly concerned with the cost of locomotive, marine or stationary power, be sure to find out about the *new* things being done by one of America's oldest engine builders.

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Beautifully constructed of gleaming stainless steel, it looks and performs like a thoroughbred.

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Made stronger, lighter and safer and it will give you many years of trouble-free operation.

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You'll be amazed at how inexpensively you can guard against fire with this superior extinguisher.



Kidde's New 2½ Gallon Wet Chemical STAINLESS STEEL Fire Extinguisher gives you more for your money!

All stainless steel shell means greater strength, lighter weight, safer construction, years of reliable service...with the same instantaneous action and sure protection against fire that Kidde has always given. Transparent nozzle lets you see at a glance that nozzle passage is clear. Permanent nameplate with directions can not fall off.

Take your choice of clear water, soda-acid or foam type and get all the advantages of Kidde construction and Kidde "know how." Also available in an Anti-Freeze type, made of silicon bronze, which eliminates the danger of corrosion that usually results from the Anti-Freeze solution.

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changeable cold-cathode mercury vapor tubes that throw either short-wave or long-wave ultra-violet light. The unit is powered by two standard flashlight batteries. It weighs only 2 lb.

- Source: Menlo Research Laboratory, 181 Green Oaks Drive, Atherton, Calif.
- Price: \$49.50.

NEW PRODUCTS BRIEFS

Two oil additives are ready for delivery from National Aluminate Corp., 6216 W. 66th Place, Chicago 38. Nalco SR-155 is all-purpose, while Nalco SR-158 prevents sludge deposits in storage tanks.

A clock that tells the time in 124 cities around the world sells for \$245. The manufacturer is Kalex Corp., 305 E. 46th St., New York 17.

A new stainless steel for television viewing tubes will be manufactured by Armclo Steel Corp., Middletown, Ohio. Its main advantage: cost cutting.

Two insecticides for use on grain are being produced by U.S. Industrial Chemicals, Inc., 60 E. 42nd St., New York 17. One dose gives seasonal protection.

The Alphatron Blow Gun cuts costs in the fabrication and finishing of plastics. Sold by Reco Sales, 205 E. 43rd St., New York 17, it neutralizes static electricity that attracts dust particles.

"Lefty-Brake," produced by Curtman Co., 611 Pinehurst Blvd., Kalamazoo, Mich., is an arm and pedal attached to the brake pedal in "clutchless" cars. Advantages: something for the left foot to do, faster braking.

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Gold Bond's new 2-way Sound Control Plan is the answer

SLAMMING doors, clacking typewriters and the steady buzz of people talking add up to an awful racket. But you can put a stop to it by calling your local Gold Bond Acoustical Applicator. He can take the noise out of any office without muss or fuss, without interrupting your office routine, thanks to Gold Bond's new 2-Way Sound Control Plan. Here's how it works:

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2. FIVE PRODUCTS TO CHOOSE FROM. Every sound conditioning job has its own problems. Your office may have an unusual ceiling design. Or you may have very little money for modernizing purposes. That's why Gold Bond makes five different Acoustical products to cover every possible need and meet any budget.

Your local Gold Bond Acoustical Applicator will gladly show you samples; or write us at Buffalo, Department BW-8.



FREE SOUND CONDITIONING ESTIMATE

Phone your local Gold Bond Applicator NOW!

Central Roofing Co......Abilene, Tex.
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J. F. Ryan Company.....Billings, Montana
Badham Insulation Co., Inc......Birmingham, Ala.
Dilliby Fireproofing Co......Cambridge, Mass.
J. M. Sattler Acoustical Co......Charleston, W. Va.
A. A. Metz Co......Charlotte, N. C.
Gre. W. Wallace.....Chattanooga, Tenn.
Risher-Busse Co......Chicago, Ill.
F. A. Kamp Flooring Co......Cincinnati, Ohio
H. A. Erf Acoustical Co......Cleveland, Ohio
South Texas Materials Co......Corpus Christi, Texas
Acoustical Builders Specialty Co......Dallas, Texas
Myron Cornish & Co......Dayton, Ohio
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N. H. Wiklund & Co......Des Moines, Iowa
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General Insulation Co......Evansville, Ind.
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Best Interior, Inc......Jackson, Miss.
Jacksonville Tile Co......Jacksonville, Fla.

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Cockerell Engineering & Fireproofing Co......Kensington, Md.
Ennis Lancaster Associates.....Knoxville, Tenn.
Acoustical Engineering Co......La Crosse, Wisconsin
Crawford Door Sales Co......Little Rock, Ark.
The Sound Control Co......Los Angeles, Calif.
Braun Acoustical Co......Hamilton Roofing Co.
Fincher Lumber & Cement Co......Louisville, Ky.
Acoustical Contracting Co......Lubbock, Texas
Rowell Fireproofing Company.....Memphis, Tenn.
Insulation Service Company.....Merrill, Wis.
Hausenauer Co......Miami, Florida
Gold Bond Acoustical Co......Milwaukee, Wis.
Building Specialties Co......Minneapolis, Minn.
National Acoustics.....Mobile, Ala.
Febre Co......Moorehead, Miss.
L. H. Clayton Co......New York, N. Y.
Acoustical Sales & Plaster Co......Norfolk, Va.
Porter-Trotter Co......Oakland, Calif.
Pearson Insulating & Dist. Co......Omaha, Nebraska
Chair, M. Wall, Inc......Pharr, Texas
Standard Floor Co......Philadelphia, Pa.
McL. T. O'Farrell & Co......Pittsburgh, Pa.
Modern Floors, Inc......Richmond, Va.
Johnson-Olsen Floor Coverings, Inc......Roanoke, Virginia
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Utah Pioneer Corp......Salt Lake City, Utah



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BEAUTIFUL RESULTS. A big variety of washable and repaintable designs, surfaces and colors, priced to fit your budget.

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Queen City Wood Works & Lumber Co......Springfield, Mo.
Missouri Builders Specialty Co......St. Louis, Mo.
Midwest Marble & Tile Co......Tulsa, Okla.
J. F. Kelley Co......Warsaw, Indiana
A. W. Let Co......Washington, D. C. (Arlington)
Northern Steel Buildings, Inc......Watertown, N. Y.
Self Linoleum & Shade Co., Inc......Wichita, Kansas
Wester Acoustical & Insul. Co......Youngstown, Ohio
CANADA: William G. Kerr.....Toronto, Ontario

You'll build or
remodel better with

Gold Bond
Acoustical Products

NATIONAL GYPSUM COMPANY • BUFFALO 2, N. Y.





What every little girl knows

Smart little girls don't cry alone.

When they want sympathetic attention, they wait until their parents are close at hand . . . to be sure of a responsive audience.

And when heads of companies want especially responsive consideration for their institutional advertisements, they try to make sure of their audiences, too. They like to *know* that their messages will be read by people well prepared to absorb ideas—and act upon them.

That's why we think you'll be interested in this fact, revealed in a recent study:

**Of 10 institutional advertising campaigns running in
The American Magazine and one or more other leading
magazines...all 10 got their highest readership--among both men
and women—in The American Magazine!**

The survey findings reflect the character of a magazine successfully edited to attract the most powerful group of public-opinion molders in America . . . more than 2,500,000 alert, intelligent, well-to-do, responsive families.

We have a complete and convincing presentation of *all* the facts to show to any of your executives, or to your advertising agency.



THE CROWELL-COLLIER PUBLISHING COMPANY, 640 FIFTH AVENUE, NEW YORK 19, N.Y.
PUBLISHERS OF THE AMERICAN MAGAZINE, COLLIER'S, AND WOMAN'S HOME COMPANION

MARKETING



PERSONAL SERVICE to all its customers, big and small, helps put Sohio out in front of the competition. More than a third of

all the gasoline sold in Ohio last year was marketed by Sohio—which shows the local touch pays off.



Local Touch Helps Keep Sohio on Top



PUBLIC RELATIONS are well tended. TV show plugs Sohio gas and Ohio scenery.

Selling itself as an Ohio institution helps Sohio sell more gas than any other company in the state.

Oil companies don't like government controls any better than most other industries. When you're selling a basic commodity like oil, you have to rely on marketing savvy to bring in the customers. And government controls mean quick death to marketing techniques.

If you've managed to catch better than one-third of the market you have staked out for yourself, as Standard Oil Co. (Ohio) has, the thought of government control is anathema. But Sohio—as it is known to millions of Ohio motorists—is ready to face the problem.

• **On Allocation**—Sohio already has its dealers on allocation. But, within the past month, some dealers have been asking for immediate delivery of enough supplies to last them a year. Sohio isn't impressed—it doles out supplies on the basis of the dealer's average rate of sale.

Supplies are ample now. But if they tighten due to government control, Sohio is ready to go back to the allocation system that stood it in good stead during World War II: Each retail outlet—company-owned stations included—was supplied on a prorated basis.

• **Three-Fold Effort**—That's about all Sohio can do to protect itself. Since



W. T. HOLLIDAY, left, sparked Sohio's comeback. C. T. Foster is new Sohio president.

it is an integrated company—producing, refining, and marketing its own products—Sohio has to push constantly on all three fronts to keep its position as Ohio's No. 1 oil company.

Though Sohio accounted for more than one-third of the nearly 2-billion gallons of gasoline sold in Ohio last year, it had competition from 17 other oil companies. Sohio is just about the only major oil company which does its marketing entirely within one state.

• **Emphasis on Marketing**—One brand of gasoline is pretty much like the next. So to get to the top and stay there, you have to bear down on the marketing angles. That's just what Sohio has done. As a major element in its marketing success, it has sold itself as an all-around good neighbor to Ohio motorists.

Sohio stations are as familiar to the Ohio motorists as the road home. There are more than twice as many of them as of any other brand in the state. They're carefully spotted along the main highways so you rarely drive more than 10 miles without seeing one.

Independent dealers operate 3,454 of the stations; the company owns an additional 920 of them; 594 are leased to private operators. Sohio has complete control over the remaining 326 stations, pays salaried employees to run them. And it is from these servicenters that Sohio enjoys its most lucrative business.

• **Bucking the Trend**—Sohio bucked the trend in the 30's, when other oil companies were selling their own stations or dealing them off on long-term leases to avoid labor problems. Sohio thought then—and still thinks—that the advantages of owning the stations outweigh the labor difficulties.

By owning and operating the expensive servicenters—they cost from \$50,000 to \$100,000 each—Sohio can set the standards for appearance and service for the industry in Ohio. The trained salaried employees who run the stations make new customers for Sohio. They discover at first hand the likes, dislikes, and needs of its customers and tie the customer's loyalty to the company.

• **Small Business Men**—Having its own service stations to set standards helps Sohio indirectly in dealing with its independent dealers. The company treats them as independent small business men, gives them marketing advice and hints on station management. And it's up to the dealer whether he takes the advice or not.

• **Fast Footwork**—Being fast on its feet to meet price competition is another trait that endears Sohio to its dealers. The company setup gives each operating division almost complete autonomy. So there is little delay in decision making. For example, there are only two

American Blower—a time-honored name in air handling



In Newark, N. J., as in other cities, American Blower Air Handling Products serve commerce, industry and public utilities. For air handling data in the Newark area, call American Blower—Market 2-3719. In other cities, consult your phone book.



Look before you buy. Comparison tests prove the superiority of American Blower Products. There's a big difference in quality, design, quietness, operating costs and efficiency between American Blower and other air handling equipment.

Air is free . . . use it profitably!

To BUYERS of air handling equipment: When you buy American Blower Air Handling Products, you get equipment which is built by a reputable manufacturer with a background of more than 69 years' experience—equipment which is tested and rated in accordance with the Standard Test Code as adopted jointly by the N.A.F.M. and the American Society of Heating and Ventilating Engineers. All ratings are Certified.

In addition, whether the product costs \$43.75 (price of a small ventilating fan) or runs into thousands of dollars (power plant equipment), you get the benefits

of American Blower's broad-scale research and uniform high quality, which insure dependable service.

If you would like to know how you can profitably apply American Blower Products to your business, ask your Heating, Ventilating and Air Conditioning Contractor, or consult the nearest American Blower Branch Office. There's no obligation.

AMERICAN BLOWER CORP., DETROIT 32, MICH.
CANADIAN SIROCCO CO., LTD., WINDSOR, ONT.

Division of AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

YOUR BEST BUY

AMERICAN BLOWER
AIR HANDLING EQUIPMENT

Serving home and industry

AMERICAN STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILERS • ROSS HEATER • TOWANDA IRON



don't let OVERSIZE VARIATION steal your steel

It's not "price per pound" that determines the cost of the flat-rolled steel you use in your product, but the cost per foot or per piece. When the strip thickness runs to the high side of the tolerance range, you get fewer feet per pound and, therefore, fewer units of production per ton. As a result, your steel costs go up. In effect, oversize variation is a commercially acceptable, but none-the-less objectionable pickpocket—it steals your steel.

Beat oversize variation—specify **CMP Thinsteel**, the trade name identifying precision cold-rolled strip steel in low carbon, high carbon (annealed or tempered) and stainless grades. Thinsteel accuracy to gauge insures maximum yield per ton and offers a definite means of reducing cold-rolled strip steel costs to the minimum. Your inquiry is invited.



the Cold Metal Products co.
YOUNGSTOWN 1, OHIO

New York • Chicago • Los Angeles
Indianapolis • St. Louis • Detroit

steps between Sohio's vice-president in charge of sales, A. A. Stambaugh, and the smallest independent dealer.

If a local dealer spots his competition offering trade stamps or dropping his price, all he has to do is send out an SOS to his division sales manager. From there, word is flashed to the general manager of division sales and then on to Stambaugh, who takes fast action to remedy the situation.

Sohio doesn't hamstring its dealers by hewing to a hard and fast price. Once the gasoline is delivered to a dealer's tanks, it's his to sell for what he wants to or can get. Sohio establishes its prices to the dealers to meet local competition and conditions.

• **Good Neighbor**—Sohio never slackens its efforts to keep old friends and make new ones. As a company, Sohio puts as much enthusiasm behind a small community's home-coming as it does in helping the Cleveland Chamber of Commerce stage and back the National Air Races. It drops down to the local level as often as possible. It helps local Boy and Girl Scout troops, sends exhibits to the smallest county fairs, takes an active interest in the 4-H clubs that dot the countryside. Though Stambaugh says, "Everything I know about this business, I have learned from my competitors," the company has largely developed its own knowhow. It had to.

• **Foundation**—Sohio is the original Standard Oil Company. It started out in a blaze of glory as the foundation stone of John D. Rockefeller's oil empire. And it was quenched as quickly as a firecracker in a pail of water when the Supreme Court dissolved Standard Oil in 1911. The going was pretty rugged after that.

Sohio's concentration in the State of Ohio dates from that decision: To sell elsewhere, it would have to drop the "Standard Oil" from its name.

Sohio was left with only one small refinery and no crude oil facilities—literally. It was an uphill struggle to develop producing fields, pipelines to carry the oil to the refineries, and to build the modern refineries that were needed to produce octane-rated gasoline for a wildly growing automotive industry.

• **Back in the Running**—The company was almost flat on its back in 1928, when W. T. Holliday moved in as president. A lawyer, Holliday brought with him to the job a basketful of new ideas designed to put Sohio back in the running.

He helped build crude-oil facilities to the present 30%—the rest is bought on long-term contract. New refineries were bought at Lima, Toledo, and Latonia, Ky., and the Cleveland refinery was completely renovated. And Holliday went all-out on marketing ideas.

He had all the stations renovated and painted a flashy red, white, and blue. He painted all the company's delivery trucks a bright red and had them flash through the streets of Ohio's busiest cities—without a gallon of gasoline in them. And he met the price-cutting competition with bigger price cuts. In addition, he boomed the company's expenditures for advertising and public relations work to establish Sohio as an institution in the minds of Ohioans.

• **Carrying On**—When he moved up to the board chairmanship, Holliday had reason to be pleased with the job he had done. But C. T. Foster, Sohio's new president, isn't resting on Holliday's record. He's carrying on a program for developing and expanding Sohio.

That program is a three-year effort, will cost \$100-million all told.

Included in it are a \$30-million expenditure for the Lima refinery and a new \$4-million "cat" cracker for the Cleveland refinery.

In addition, Sohio is testing for oil in Guatemala and Canada, has drilling rigs in operation in southern swamps and western grazing lands. New pipelines are under construction, too, on a solo basis and in cooperation with other oil companies.

• **Still on Top**—Foster isn't forgetting the program that has put Sohio on top. Last year, the company's advertising and related budget totaled \$1,325,000—more in dollars per actual and potential customer than any other company in Ohio spent, save one, and that not an oil company.

MARKETING BRIEFS

Wool rug prices have taken still another spurt upwards. James Lee & Sons, Alexander Smith & Sons, C. H. Masland & Sons, and Magee Carpet give the same reason as before: increased cost of raw wool. This round of price increases runs about 7%.

Textron has sloughed off another manufactured line with the sale of its blouse division to a company formed by Edward Polak, general manager of the division. That puts Textron completely out of the finished-garment business.

No. 1 seller of cigarettes is now food stores, says Progressive Grocer. A survey shows that they retail 40% of all cigarettes sold in the U.S. That's a dollar volume of about \$1.4-billion annually.

CBS's "beep system"—which warns network affiliates to come in for major special newscasts—is back for the duration of the Korean war.



Mrs. Tucker tells how to make 'em better... 2 WAYS

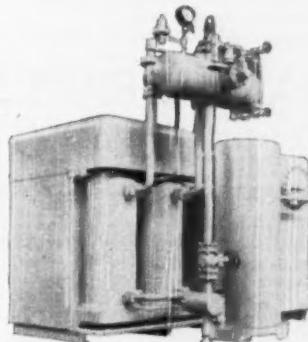
● Progressive Mrs. Tucker's Foods, Inc., Sherman, Texas uses a two-way approach to the big biscuit market. Their ads say, "Make 'em with Mrs. Tucker's Shortening and Spread 'em with Mrs. Tucker's Meadolake Margarine." And housewives and institutions buy both regularly, month after month, year in and year out because Mrs. Tucker's has built a reputation for constantly improving quality during the company's 37 years... by adopting new methods and machines.

That's where Girdler entered the Tucker household... to improve the manufacture of both their

shortening and margarine with VOTATOR Processing Apparatus... to help make 'em better these two ways:

1. *Better product uniformity... in flavor, texture, purity... because the ingredients flow through a totally enclosed processing system under precise control.*
2. *Higher production efficiency... savings in labor, time and floor space... because the operation is on a continuous-flow basis. Ingredients are thoroughly mixed, cooled and plasticized in a matter of seconds, compared to hours for former methods.*

If you process *any liquid or viscous material* involving the transfer of heat, you should investigate the amazing benefits of VOTATOR Processing Apparatus for cooking, cooling, sterilizing, plasticizing, quick-freezing, pasteurizing or aerating. Write or call us today!



VOTATOR DIVISION

THE GIRDLER CORPORATION

LOUISVILLE 1, KENTUCKY

VOTATOR is a trade mark applying only to products of The Girdler Corporation.

*VOTATOR Processing Apparatus
for the manufacture of shortening*

"He must think
I have four hands!"



**YOU DON'T NEED FOUR HANDS!
JUST USE THE DUPLICATOR!**

• One typist can literally do the work, not of four but of ten, when it comes to turning out multiple copies in a hurry if she uses the office duplicator. And, when she uses Hammermill Duplicator paper, only one typing, one checking is necessary. Every copy will be clear, sharp, easy to read.

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Hammermill Paper Company, 1455 East Lake Road, Erie, Pennsylvania
Please send me—FREE—the 100-sheet Test Packet and sample book of Hammermill Duplicator and a copy of "Duplicator Facts."

Name _____

Position _____

(Please attach to, or write on, your business letterhead)

SW-B-12

LOOK FOR THE WATERMARK

IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC



100-SHEET TEST
PACKET OF HAMMERMILL
DUPLICATOR
with Master Paper Samples.
Send coupon now!



Whiskey Goes Up

Schenley hikes the price of eight-year-olds \$1.35. Distiller figures threat of shortage has raised the value that much.

Schenley Distillers, Inc., has decided to buck the downturn in whiskey prices. Effective Sept. 1, the company is hiking the price on three of its high-price brands—all eight-year-olds, 100-proof whiskies.

Schenley tipped off the price jump when it filed a revised price schedule for these brands with the New York State Liquor Authority last month.

Old Schenley bottled-in-bond rye, Old Schenley bottled-in-bond straight bourbon, and Pebbleford Kentucky straight bourbon will go up \$1.35 a fifth, from \$7.15 to \$8.50, in New York. Prices will go up in other states, too, but will vary slightly from the New York figure because of differences in retail markup and state taxes.

• **Individual Matter**—The rest of the industry doesn't think that the Schenley increase marks the start of a general uptrend in prices. Schenley has a special problem; like many other business problems these days, it is linked indirectly with the Korean situation.

Though distillers keep figures on their whiskey inventories under their hats, it is no secret in the trade that Schenley holds the largest stock of aged whiskies. According to Liberty National Bank & Trust Co., Louisville, Ky., Schenley held 81.6% of the eight-year-old whiskies stored in Kentucky as of last Apr. 30.

Some months ago, Schenley started to market these eight-year-old stocks. Since the whiskey had been in storage for eight years, Schenley had already paid the government the full \$9 tax on each proof gallon. Nothing was to be gained by keeping it in inventory—and much could be lost through leakage and evaporation.

• **Came Korea**—Came Korea, and the outlook for whiskey inventories changed. Inventories that looked excessive on June 24 looked like nice things to have on June 25, when the industry once again saw the possibility that it might have to convert to industrial alcohol.

Apparently, Schenley figures that the threat of shortage has raised the value of its eight-year-old stocks by something over \$1 a fifth. If the market will take the stuff at this higher price, all well and good; if not, Schenley will have ample inventory on hand to meet a shortage. In that case, it can either use the aged whiskey to "top off" its own blends or sell it at a premium to other distillers.



**NEW INDUSTRY
ECONOMICALLY SOUND,
STRATEGICALLY SAFE—
IN THE *Land of Plenty****

In this new era of atomic development . . . of crowded centers of industry, government and economic activity . . . of shortened travel time between nations—trends of decentralization are plainly visible.

The whole problem of industrial dispersion boils down to a common-sense application of the old adage about not putting all of your eggs in one basket.

The great *Land of Plenty* meets the fundamental requirements of industrial decentralization. Here in this uncrowded territory there is a variety of raw materials . . . intelligent, home-rooted manpower

. . . dependable electric power and adequate industrial water . . . sensible tax structures . . . the world's finest Bituminous coal . . . healthful, equitable climate . . . nearness to concentrated markets . . . the Norfolk and Western's dependable rail transportation . . . and freedom from crowded centers, your best defense.

Evaluate these factors and move in! Your new location in the Land of Plenty will be *economically sound and strategically safe*.

If these facts interest you, get complete details. Call or write the Industrial and Agricultural Department, Drawer B-312, Norfolk and Western Railway, Roanoke, Va. Your inquiry will be handled promptly and in confidence.

**Norfolk and Western
RAILWAY**

* The *Land of Plenty*—the six great states served by the Norfolk and Western—Virginia, West Virginia, Ohio, North Carolina, Maryland and Kentucky.

LAND OF PLENTY

Ideal Indiana

Offers You

Livability

Indiana is Ideal

For Livability

Happy in living!
Happy in work!

• This is true when you live and work in Ideal Indiana. The Hoosier state provides ideal "livability" for its citizens. Indiana is unsurpassed in recreational facilities. Her beautiful state parks, scenic camp sites, miles of fishable streams, hunting areas, and year 'round sports program offer a wide variety of relaxing places to go, things to do. Indiana has an excellent educational system. Grade schools and high schools are conveniently located in both rural and urban communities. Too, you will immediately feel at home in Indiana, because of the warm-friendly Hoosier hospitality. The doors of Hoosierland are open for all!

• Besides Livability, Indiana also offers manufacturers firm Power, adequate Transportation, fine Labor, fair Taxes and abundant Raw Materials.

Write for our booklet,
"Industrial Facts About Indiana."
Please give company
name when writing.

Indiana

DEPARTMENT OF COMMERCE
and PUBLIC RELATIONS
Dept 106B • State House • Indianapolis, Ind.

Missouri Jolts Fair Traders

State has resurrected long-forgotten antitrust laws to move against manufacturers who set up price-fixing arrangements with distributors. Three companies have already paid fines.

When fair traders this summer trumpet that their system is in the best shape ever, they admittedly have to overlook some sore spots. One of them is in electrical appliances (BW-Jul.15 '50,p41). The other is in Missouri.

Missouri is one of the few states without a fair-trade law. That in itself has never caused great trouble. Although they lacked legislative blessing, manufacturers who fair-traded products in other states usually managed to find some way to keep prices in Missouri on an equal footing with those outside the state.

They managed, that is, until this year. Now they find themselves faced with prosecution for violation of antitrust laws that had been almost forgotten in Missouri.

• **"Conspiracy"**—Passed in 1891, the laws make illegal a "conspiracy" to establish prices within the state. In effect, they rule out any price arrangement between manufacturers and their distributors.

The laws had been practically ignored for years until the Missouri legislature in 1949 appropriated \$100,000 to the state attorney-general's office to pay the costs of prosecuting suits under the acts.

• **Prosecution**—So far, six suits have been brought by Missouri's attorney-general. The most recent, filed in mid-July, are against Armour & Co. and Swift & Co. Armour is charged with entering into price-fixing agreements with three retailers to maintain prices on the company's Dial Soap. The suit against Swift charges it made similar agreements with two Missouri seed distributors covering the price of its plant food, Vigoro. In both cases, the state asks a fine and forfeiture of the companies' licenses to do business in Missouri.

Of the four earlier suits, three have already been settled by consent decrees and the payment of fines by the companies involved.

• International Cellucotton Products Co. last April was the first to sign a consent decree. It paid a \$50,000 fine.

• A second suit against Seagram-Distillers Corp. and four Kansas City and St. Louis distributors resulted in a consent decree and a \$35,000 fine for Seagram. The four distributors each paid \$2,500 fines.

• Faultless Starch Co. settled for a consent decree with a \$7,500 fine.

• The fourth suit, filed in June

against Miles Laboratories, Inc., Mc-Kesson & Robbins, Inc., and four Missouri drug companies, may lead to a court test. So far, the drug manufacturers have held out against consent decrees or the payment of fines.

• **Perennial Cause**—Efforts of the wholesale drug houses, retail-drug associations, and retail-grocer organizations to pass a state fair-trade law in Missouri have met defeat in several legislatures. Opposition to a state law has been spearheaded by a large Kansas City cut-rate drug operator, the Katz Drug Co. (BW-Jan. 28 '50,p22).

Fair-trade proponents in Missouri believe their cause is strengthening steadily. Still, there seems little chance that Missouri's legislature will put the state on the fair-trade bandwagon.

Marshall Field Follows Suburban Store Trend

Another big conservative department store this week announced that it would go into the suburban shopping center business. It was Chicago's Marshall Field & Co.

Field's president, Hughston McBain, revealed that the big store has bought 110-acres, 16 miles northwest of the Loop in Chicago's fastest growing suburban area. There, it will build a shopping center costing \$15-million to \$20-million.

• **Careful Planning**—According to McBain, Field's has planned for several years to add a suburban shopping center. It picked its new location carefully with an eye on the higher-class trade that lives north and west of the city. The company estimates that the site taps a trading area that now has 500,000 population.

Plans for the center include three main buildings, one to be occupied by Field's.

The Field store will be much larger than any of the three suburban stores that Field's has been operating for years in Evanston, Oak Park, and Lake Forest.

• **Features**—All buildings will have air conditioning and escalators. Other features of the center: a double row of shops along a central mall, parking space for 6,000 cars, shuttle bus service between parking areas and the center, a truck tunnel and underground loading platforms.

MAGNESIUM MAKES MANY PRODUCTS BETTER

Example
TRAILER FLOORING

Light!



To lighten his trailers and make them more profitable to operate and easier to sell, a leading trailer manufacturer designed a magnesium floor. The new floor was 44% lighter — 724 lb. was added to the cargo capacity of a 35' van trailer.

724 lb. Lighter than Previous Floor

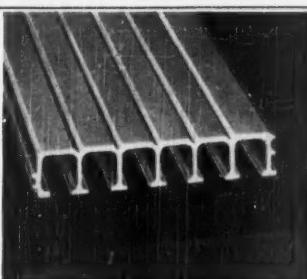
Strong!



In addition to being 724 lb. lighter than the older floor, the new magnesium floor is much stronger and can stand more abuse. Here again, sound design that takes full advantage of the very favorable strength and weight characteristics of magnesium results in a better product.

Even Stronger than Floor it Replaced

*made
with*



The versatile extrusion process provided the right answer to this problem. Trailer-length magnesium "planks" with the necessary multi-ribbed section were extruded at surprisingly low cost. No further forming or shaping was required. And the close tolerances obtained cut assembly costs.

Dow Magnesium!

THE WORLD'S LIGHTEST STRUCTURAL METAL

A lighter trailer, a stronger trailer, a trailer that is more profitable to operate — that's what magnesium's extra lightness means to the trucker!

Magnesium lightness means better products in many other fields as well. Business machines, portable tools, materials handling equipment, reciprocating machinery, and truck bodies are just a

few of the products that have been improved with light, strong magnesium. There are many others.

If you are redesigning your old product, or developing a new one, it will pay you to investigate magnesium. For more complete information about this economical, lightweight metal, write Dept. MG-30 in Midland.

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WATER COOLERS

efficiency experts
everyone loves



Water Coolers

PRESSURE AND BOTTLE TYPES

GENERAL ELECTRIC

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General Electric Co., Sec. BW-6, Air
Conditioning Dept., Bloomfield, N. J.

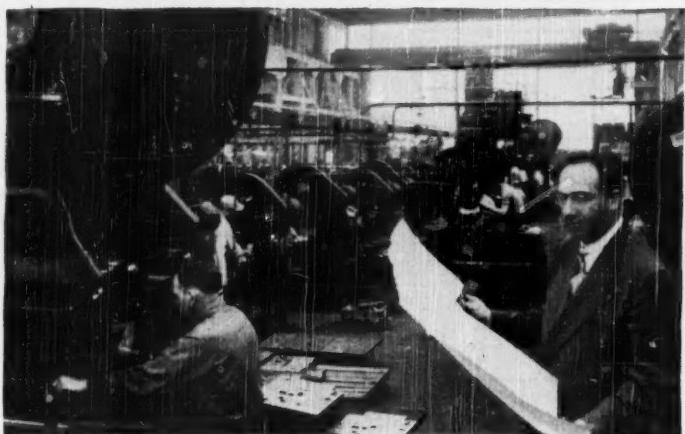
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ADDRESS _____

CITY _____

STATE _____

SMALL BUSINESS



CONTRACT GRABBER Harry Hirsch examines blueprints in Pollak Engineering & Mfg. Corp., UEC's subsidiary. Presses are making depth-charge casings.

U.S. Buys, UEC Thrives

A lot of small business thinks that government work is tough to get and unprofitable to handle. But Harry Hirsch, president of Utility Electronics Corp., Newark, N. J., can't figure out why. Since May, 1947, UEC has been producing equipment exclusively for the armed services—the Signal Corps, the Air Force, and the Navy Bureau of Ships. It hasn't lost money on a government job yet. And it's come out of most jobs with a handsome profit.

Four years ago, UEC had 10 workers and a sales volume of \$50,000 a year. Today, Hirsch has more than 400 employees on his payroll, and his gross sales top \$3-million a year.

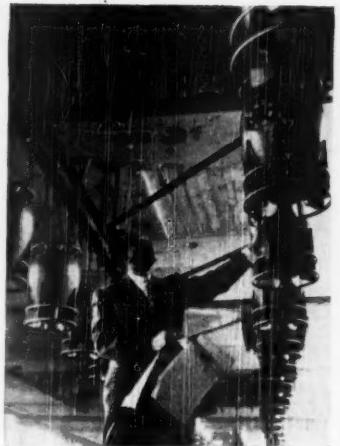
- **Low Bids Only**—UEC runs its business entirely on a low-bid basis. That way, none of its government contracts are subject to renegotiation under present law. Hirsch himself is 100% for government work. "I can get bigger, steadier orders from the armed services," he says, "and there's no fiddle-faddle about payments and specifications."

In the four years he has been in business, Hirsch has worked out a primer on dealing with the government. Roughly, it consists of five points:

- Contact government agencies directly. Don't go through five-percenters or other third parties.

- Make government business the whole show, not just a sideline. The armed services like to work with companies that like to work with them—exclusively.

- Bid only on odd-lot jobs that fit into your shop-setup, and jobs you have



DEPTH CHARGES are ready for charging, after casting, assembling, and painting at UEC. Hirsch checks them over.

at least a 50-50 chance of getting.

- Don't get scared by detailed and sometimes difficult specifications. Specifications may be a headache, but satisfying them is merely part of running a good business.

- Remember that costs, on the average, are lower in small business than in big business. There's no reason to get buck fever just because you're bidding against a Westinghouse or a General Electric.

- **Pavement Pounder**—From the beginning, Hirsch solicited government or-

ders in person. "I went out selling myself," he says. As a first step, he set up his offices in Newark, where the government purchasing office specialized in buying the kind of equipment Hirsch could make.

Today, with his bigger business, Hirsch has three permanent agents at strategic spots—one at the Philadelphia office of the Signal Corps, another at the Air Force office at Wright Field at Dayton, Ohio, and a third at the Bureau of Ships in Washington. These men watch the invitations for bids and decide, after consulting with Hirsch, which contracts to compete for. Bidding is no mystery. The Signal Corps, for instance, lists on a blackboard the contracts that are open for bidding.

- **War Schooled**—Hirsch's experience with government work dates from the war years. After eight years with the Harptone Mfg. Corp. in Newark, a manufacturer of phonographs and electric guitars, Hirsch formed the Barrie Corp. As its president, he directed production of radar devices for the government. When the war boom ended, Hirsch sold out and took a breather.

In 1947, Hirsch went back into harness and bought UEC, a tiny company that made fluorescent-light starters. He figured that war between the U.S. and Russia was inevitable, and that government contract work would grow as the years went by. UEC sales grew rapidly from \$50,000 to \$200,000 in 1948, \$1.7-million in 1949, and to an estimated \$3-million this year. Part of the growth stemmed from buying out the next-door Pollak Engineering & Mfg. Corp., which Hirsch picked up a year ago. UEC workers were organized a year and a half ago by the United Mine Workers' District 50.

- **Specialty Shops**—UEC today produces nothing but electronic equipment, such as Signal Corps walkie-talkies. Most of its employees are women. Pollak sticks to heavier equipment—depth charges and bazookas. Together, the two use about 110,000 sq. ft. of manufacturing space. Except for small parts, both plants produce goods from start to finish. Standby mobilization orders on their books run close to \$45-million.

- **One-Man Affair**—The 38-year-old Hirsch and his wife own all the company's stock, except for a few "qualifying" shares for company officers. He pays himself a \$10,000-a-year salary, plus 1% bonus on sales. On top of that, he has the dividends on his stock. The business is strictly a one-man affair. Mild-mannered to his friends, sometimes hard-boiled to employees, Hirsch takes his success complacently. What others might call shrewdness, he would call common sense: Find the right purchasing office, know production costs to the cent, bid selectively and carefully.



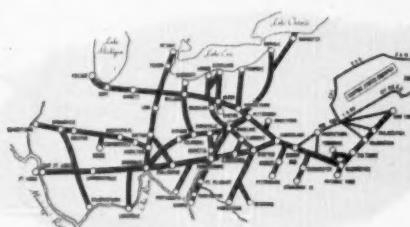
What you did last year—or even last week—isn't necessarily your best guide on routing freight. Conditions change, schedules change, progress steps into the picture—as in the case of the B&O.

WHAT OUR "NEW LOOK" MEANS TO SHIPPERS:

To provide faster, more efficient service, the B&O has constructed new classification yards and coal and ore docks—has installed new car retarders and up-to-the-minute communications—has added new equipment and improved motive power on the road and in the terminals.

ASK OUR MAN—ADVICE IS FREE

Let him tell you how B&O is "constantly doing things—better" to provide more dependable handling of freight. He will give you, without obligation, advice on any shipping problems you have. Phone or write the B&O Freight Representative nearest you.



BALTIMORE & OHIO RAILROAD

The Line of Sentinel Service

READERS REPORT:

H-Bomb Royalties to Russia?

Sirs:

There are a couple of points in your article re the H-Bomb (BW—Jul. 8 '50, p58) that I want to discuss.

You say—make tritium liquid. That would require a temperature of about -255°C . How would it be kept liquid? By surrounding it with liquid helium at a temperature of -270°C . And how would the helium be kept at that temperature? By allowing it to boil away—easy, isn't it?

Incidentally, you would probably use the Russian Peter Kapitsa's method (patented by him) for getting liquid helium.

GORDON FERRIE HULL

EMERITUS PROFESSOR OF PHYSICS,
DARTMOUTH COLLEGE,
HANOVER; N. H.

Still in Plastics

Sirs:

Your article in Production Briefs (BW—Jul. 22 '50, p55) gives the impression that General Electric is going out of the laminated plastics business at Coshocton, Ohio. This is not the case. Only the fabricating portion of the business has been sold, the portion dealing with machining of industrial sheets, rods, tubes. The GE plant at Coshocton will continue to produce industrial laminated plastics sheets, rods, and tubes, as well as GE Textolite decorative laminates and custom-molded laminated products.

S. L. BROUS

MARKETING MANAGER, CHEMICAL DEPT.,
GENERAL ELECTRIC CO.,
PITTSFIELD, MASS.

Rheem's Sales Up, Too

Sirs:

I read with interest and a certain degree of amazement, the story on second-quarter profits (BW—Jul. 29 '50, p24), which erroneously credited Rheem Mfg. Co. with a 79% increase in quarterly earnings on sales 47% below the 1949 level.

Your statistician, his mind perhaps momentarily on his vacation fishing rather than his figures, compared our second-quarter 1950 sales with first-half sales for 1949.

Actually, the facts are that second-quarter sales increased 21% over last year, while earnings increased by 79% for the same period.

R. S. RHEEM

PRESIDENT,
RHEEM MFG. CO.,
RICHMOND, CALIF.



THE MOTOR-WEIGHTED MACHINE THAT GIVES YOU *8-Way Adaptability*

Those who need a motor-weighted floor-maintenance machine will find that they can do more—and thus save more on labor costs—with a 600-Series Finnell. This general-purpose Finnell can be used to wet-scrub, apply wax, polish, scrub rugs, steel-wool, dry-scrub, sand, and grind!

A Feather-Touch Safety Switch provides complete automatic switch control. Switch works with either hand from either side of handle. When handle is released, machine stops. Self-propelled...the machine glides over the floor with virtually effortless guidance. Horizontally-mounted motor and correct distribution of weight afford truly balanced operation.

Added Protection for Motor and Gears . . .

is furnished by means of two-way speed reduction. Multiple V-belts are utilized ahead of the speed reduction gear case to alleviate strain and provide extra protection for motor and gears. G. E. Drip-Proof Capacitor Motor . . . Timken Bearings...ruggedly constructed worm drive in extra-capacity leak-proof gear case, lubricated for 2500 hours. Smooth and noiseless in performance . . . a precision product throughout. Four sizes: 11, 15, 18, and 21-inch brush diameter.

The nearby Finnell man is readily available to help train your maintenance operators in the proper use of Finnell Equipment. For consultation, demonstration, or literature, phone or write nearest Finnell Branch or Finnell System, Inc., 3800 East St., Elkhart, Ind. Branch Offices in all principal cities of the United States and Canada.

Interchangeable Brush Rings and Discs



Polishing Brush



Scrubbing Brush



Steel-Wire Brush



Sanding Disc

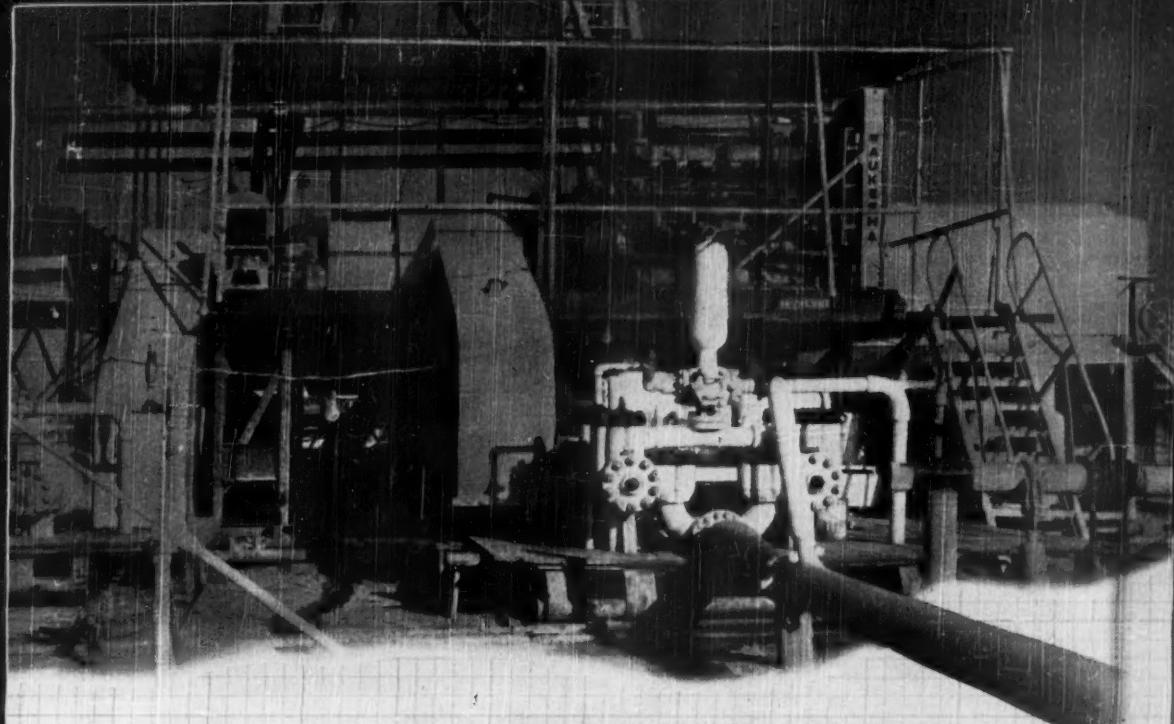


Carborundum Disc

FINNELL SYSTEM, INC.

Pioneers and Specialists in
FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES
IN ALL
PRINCIPAL
CITIES



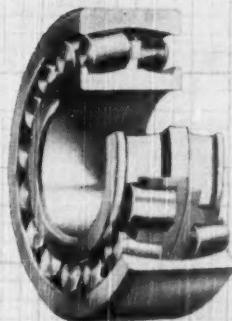
**this big "heart"
beats 316,800 times a day**

Heart of many a drilling mud circulating system used in oil fields today is a Bethlehem Supply Company G-600 Power Slush Pump. To help keep them pumping steadily, 316,800 strokes a day, Torrington Spherical Roller Bearings are used on power input shafts.

In this position, Spherical Roller Bearings handle overhung loads without uneven stress concentrations. They eliminate sliding and rubbing friction, deliver power efficiently at all speeds and provide low starting torque.

In applications where deflection or misalignment are operating or installation factors, consider Torrington Self-Aligning Spherical Roller Bearings for long service life. Let our engineers help you apply them to your equipment.

ON TORRINGTON SPHERICAL ROLLER BEARINGS



THE TORRINGTON COMPANY

South Bend 21, Ind. **Torrington, Conn.**

District Offices and Distributors in Principal Cities of United States and Canada

TORRINGTON

**SPHERICAL
ROLLER**

BEARINGS

SPHERICAL ROLLER • **TAPERED ROLLER** • **STRAIGHT ROLLER** • **NEEDLE** • **BALL** • **NEEDLE ROLLERS**

RPAPER

that gets around



Worth its salt! — and Then Some. At the first blush, it seems trivial—the little heat-sealed label that covers the pouring spout on the best brand of table salt. But it's sanitary, sift-proof, moisture-repellent, and easily removed. And with few exceptions it's made from Rhinelander Glassine.



Something new in butter—or rather, butter in something new. The first new and different butter wrapper in years. It's Rhinelander Aqua-Tuf greaseproof parchment. Butter packers agreeable to saving money would do well to investigate.



Patty cake! Patty cake!—We mean the kind made of meat—like hamburgers, chipped steaks, tenderloins—formed to sandwich size by the packer. Wonderfully convenient for the home grill and snack shop. And the good flavor sealed in by Rhinelander Glassine.

Glassine and Greaseproof—the functional papers that do so many tough jobs well.



EXECUTIVE OPINION



"The reason women buy cosmetics is because they buy hope."

Revlon's Formula:

Smart Words, Quality, and Freud

Some of the trickiest footwork in the field of marketing is done by the men who turn out the lipsticks, creams, and powders that U. S. women use to preserve or heighten their beauty. A lot of that footwork is done by Revlon Products Corp., which last year sold more than \$20-million worth of nail enamel, hand lotions, soap, perfumes, and other beautifiers. Revlon is owned and managed by four men, three of whom are brothers—Charles Revson, president; Martin Revson, sales vice-president; Joseph Revson, treasurer and general manager; and Charles Lachman, research vice-president. To find out how this highly successful company launches and sells a new product, BUSINESS WEEK took its portable microphone to the office of sales vice-president Martin Revson.

BW: How do you get the idea for a new cosmetic product, Mr. Revson, and how do you go about launching it? Is it a sort of pattern in marketing cosmetics that you have to keep thinking up something new or some new feature, like this year's eye makeup, to keep people really interested?

REVSON: Not necessarily. I think these things fundamentally stem from what women want, and what we do is recognize what women want and then bring it to them. For instance, it has to be in the minds of women first that they want eye makeup, or a new liquid makeup.

BW: It does come from them first?

REVSON: Oh, yes, it has to. It has to. Just as it comes from women that

they want different colors of nail enamel and lipstick. Sure . . . we only, in our opinion, exploit what's in a woman's mind. In other words, most women lead lives of dullness, quiet desperation, and I think cosmetics are a wonderful escape from it. So we try to bring it to them that way—we try to give them that escape.

BW: How do you go about launching a new product when you've got your new shade all figured out or your new liquid makeup? Doesn't it take a lot of things besides a full page in a national magazine?

REVSON: Well, I think we should start at the beginning, do you mind? Suppose someone gets an idea that a new liquid makeup is necessary for the

market. Anyone in the organization might write us—or one of our executives, or any one of us might get an idea that, by gosh, the women of America don't have the proper kind of makeup. They just need one. So we will call a meeting and we will determine what kind of makeup they do want.

In the case of our new liquid cream makeup, we decided that most women can use one, and the kind there was up until ours was introduced was not the kind that appealed to all kinds of women. In other words, some makeups were a little bit greasy, some were a little bit dry. So then we set out to produce a product which would give them the mat finish. . . .

BW: And left no shine on their faces?

REVSON: . . . That's right, no shine, no dullness, just right. So now we work over the product and test it among our own employees—for maybe nine or 10 months. Then when we think the product is sufficiently good, we give it to outside people in our agency, and wives of our employees, and any other people we think might be good for testing it.

While it is being tested that way, we work up a package for it, determine the looks and packability. Now we hold a meeting with our advertising agency to determine the kind of theme based upon the research. In the case of our "Touch and Glow," recognizing that 78 out of 100 women don't use a makeup, we felt that that was a good theme to work on. That this will not give you an artificial look—that was one of the complaints of the women we found out in the survey. This will not give you a greasy feeling, which was another complaint. This is how we arrived at the candlelight look theme: When does a woman think she looks most beautiful? And the answer was—in the candlelight. Wouldn't she like to look that way all the time?

BW: Sure. The candlelight look—is that the name covering a whole line of cosmetics?

REVSON: No, just that liquid makeup, "Touch and Glow." Then we determined what kind of a kodachrome we wanted to use—for the ads. And we talked it over with the photographer and the kind of girl that should be used. What symbol should there be in the picture? For example, in the "Touch and Glow," there was the symbol of a hand holding the candle, and the candle is in the back, giving a touching glow feeling. That would be carried through all the advertising.

Now that's the advertising. When it comes to the merchandising, we also have merchandise helps on the counters to explain the Candlelight Feeling. We have windows which are taken from the

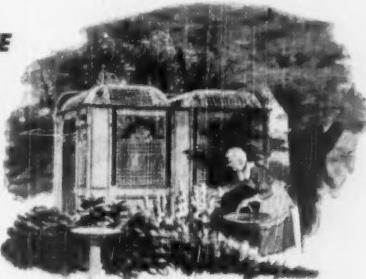


skylines... by Otis

Portland, Oregon has everything it needs for continued growth: Diversified manufacturing — ranging from oil burners to swim suits, flour to furniture, aluminum to paper. In all, more than 1,500 industries. Abundant resources — agriculture, fish, minerals, timber, water, electric power, fuels. Preeminent distribution — by sea to the world; by inland waterways, rail, truck and plane to the Pacific Northwest. Friendliness — newcomers are welcome to the "City of Roses". Otis has long been a citizen of Portland and a friendly adviser to the business men who built its skyline — because skylines are the business of Otis!

TURNED OUT TO PASTURE

Ever wonder what happens to elevator cars after long years of faithful service? Two cars of lacey, gay nineties' design were rewarded with a life idyllic as a summer house in a Washington, D.C. garden.



NEW FOUNTAIN OF YOUTH

We've completed a 28 year study: Comparing Otis elevators that were under Otis maintenance with Otis elevators that were not. It has been proved that Otis maintenance can extend the life of your elevators by more than 50%.

YOU'LL BE WELL ADVISED

Pondering over elevator entrances and cars? Our engineers and artists will work with you and your architect. Otis is the only elevator manufacturer that designs and builds its own entrances and cars as an integral part of the complete installation.



ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N.Y.



WHERE LIFE HANGS BY A THREAD

In hospitals you will find that lightweight, rugged Hackney Cylinders safely store the vital medicinal gases that are so important in surgery and restoration of health.



TORCH THAT LIGHTS THE WAY TO BETTER PRODUCTS

Acetylene cutting and welding are used to make thousands of better products at lower cost. Hackney Cylinders provide safe and efficient storage and transportation of acetylene gas.



ALL SET FOR A 6-COURSE DINNER

Food is kept safe from contamination in Hackney Aluminum Barrels. Food products are also shipped safely and quickly in Hackney Stainless Steel Drums—in Hackney Drums and Barrels of galvanized or tinned steel.

HACKNEY PRODUCTS

**provide better,
more efficient
service**
**—in vastly diversified
markets**



PRESSED STEEL TANK COMPANY

Manufacturers of Hackney Products

Main office and plant: 1493 S. 64th St., Milwaukee 14, Wis.
1397 Vanderbilt Concourse Building, New York 17, N. Y.
136 W. Peachtree St., N. W., Room 115, Atlanta 3, Georgia • 209 South La Salle Street, Room 759, Chicago 4, Illinois
555 Roosevelt Building, Los Angeles 14, Calif.

CONTAINERS FOR GASES, LIQUIDS AND SOLIDS



"In other words, most women lead lives of dullness, quiet desperation . . ."

kodachrome, and publicity goes to work to notify all the beauty editors of newspapers which run cosmetic columns. Fashion editors of magazines—or rather beauty editors—are notified in advance. And in the case of radio, on this product, we got a lot of radio plugs which were worked in with the programs—the "Touch and Glow" look, which was worked in very naturally.

BW: How do you work that?

REVSON: Well, those things are done sort of inadvertently—what you do is go to see Hope or Skelton or somebody of that nature and tell them about your new product coming out with, oh, a couple of million dollars in advertising, and then the script writer writes it in. We try to plan it with the writer and say—here, this script you are using two weeks hence, if you have a chance to use it—if you've got a girl in there that is known to be funny on the program for eight or 10 weeks, and he says she has the "Touch and Glow" look, that would bring an ordinary yak from the people listening in. So that's the way we get it in—sort of inadvertently.

BW: In the merchandising of this product, there is still a lot of demonstrator business going on in department stores and that sort of thing?

REVSON: Oh yes, that is a very helpful aid. Demonstrators are very important.

BW: About how many do you have?

REVSON: Well, in the United States, we have maybe 350 to 400 people, I guess, who are store demonstrators, that work in the stores and explain the product to customers.

BW: How about push money, is that still a good means, though it has been under fire from time to time?

REVSON: Yes, we think so. It's a worthy substitute. It is in the form of an allowance paid to girls in those ac-

To Every Management Seeking Better Methods of Distribution



How much "FAT" in your freight bill?

**More often than you realize,
costs can be "trimmed" by using Airfreight.**

TOO OFTEN MANUFACTURERS overlook the hidden economies of air transportation that can appreciably lower the overall cost of doing business. For example, a New England sea food distributor using surface carriers formerly had to buy and pay transit on 50 pounds of casing and refrigerant for every 100 pounds of fish he sent to market. Today, this same amount goes by air with a maximum packaging weight of 10 pounds and, arrives days sooner with less spoilage as well!

However, cutting this kind of "fat" from freight bills is only one of the many accomplishments of Airfreight.

Greater benefits that frequently result from its speed and service are faster turnover . . . added sales value . . . lower insurance rates . . . reduced warehousing . . . and wider distribution.

It is because of these unseen assets which more than balance the transportation costs that *the original choice of Airfreight must be a management decision*. Let an American Airlines representative tell the story of Airfreight in terms of your business. You'll readily see why this modern method of transportation gives you the competitive edge in a competitive era.

Write today to American Airlines, Inc., Cargo Division, 100 Park Avenue, New York 17, New York.



FIRST AND FOREMOST—**AMERICAN AIRLINES**



Need Wet-Strength? Patapar can deliver

Because Patapar Vegetable Parchment has high wet-strength and also resists grease, business men have found it the best material for packaging products like these: butter, bacon, fish, cheese, margarine, poultry. They use it for milk and cream can gaskets, greeting cards, ham boiler liners, putty wrappers, pie doilies. These are just a few examples.

Best paper for hundreds of jobs

There are 179 different types of Patapar to tackle all sorts of problems. The types vary as to wet-strength, grease-proofness, opaqueness, moisture vapor resistance, pliability, thickness and many other qualities.

Is there a job Patapar can do for you? Write us on your business letterhead outlining your requirements. Then we can recommend the type of Patapar best suited for your purpose.



Patapar Keymark,
nationally advertised
symbol of
wrapper protection

Patapar
HI-WET-STRENGTH
GREASE-RESISTING PARCHMENT

Paterson Parchment Paper Company

Bristol, Pennsylvania

West Coast Plant: 340 Bryant St., San Francisco 7

Sales Offices: New York, Chicago

Headquarters for Vegetable Parchment since 1885



"Sure . . . we only, in our opinion, exploit what's in a woman's mind."

counts where we cannot afford a demonstrator, and it is very helpful.

The purpose of the girl getting paid p.m. money, or pm's as we put it, is to interest her sufficiently in the product so she will want to talk about it to a customer instead of just handing it over—to explain it.

BW: So she will answer the questions and so forth?

REVSON: That's right.

BW: What other ways do you have to promote sales that are used extensively in the cosmetic business?

REVSON: Well, cooperative advertising, storewide promotions. I think we could modestly say that we were the first cosmetic company to introduce fashion promotion as we know it today, and that goes back to 1944 when we introduced Pink Lightning and Dynamite. In 1945, we introduced Fatal Apple, which we consider today the greatest cosmetic promotion that has ever been put on.

BW: How about your packaging? Isn't that a pretty important part of the business?

REVSON: Absolutely.

BW: Do you have your own packaging design staff which works them out for you or do you work them out with somebody like Container Corp.? Or how do you get the right package for something like "Touch and Glow?"

REVSON: Well, we have a merchandising department, headed by Bert Rubel and supervised by my brother Charles, who work very closely on packaging. Naturally, they call in packaging people. But in most cases, we do the influencing. We have definite ideas of what we think a package should be. The actual construction of a package is carried out by the designer, in conjunction with the box men, or the bottle men, can men and so forth.



"When does a woman think she's most beautiful? . . . In the candlelight."

BW: Then you don't retain a large staff of package designers?

REVSON: No, we used to do that, but we found out by free lancing that this way is better. We used to have a staff of our own, but we find that by retaining a staff it goes dry. This way, if a man doesn't have an idea today, he may have it tomorrow. In the meantime, we can take on another man who may have some fresh ideas regarding a particular packaging design.

BW: Incidentally, what about these sales meetings I hear about called Psycho Revlons? What exactly are they, why are they called "psycho"?

REVSON: Well, we feel that the salesman may not be as good as he appears to be outwardly. And he has to be analysed when his sales are not good. He doesn't recognize, unless he is analysed, what the hell is the matter with him. Now, instead of firing men, we have salvaged them—men with brains and intelligence—merely by using the Psycho-Revol method. Sitting a man down and reviewing with him all the things that are wrong with him. Even though the man may be in his 40's.

BW: But who does the psycho-analysing of the salesmen?

REVSON: Well, I must admit that I am the one. Once a year at our annual sales meeting, I interview the salesmen personally with the district supervisors. Further than that, we show scenes—action scenes and motion pictures of live actors, depicting the mental blocks that arise in a salesman's mind and we try to remove those mental blocks. We feel that if a man has the proper amount of intelligence and drive, and he wants to go out and work and does work, and if he is not a success, there must be mental blocks. In other words, he is not closing a sale, he is not imposing his will sufficiently upon the customer, and



*that's not **FAST** enough...*

For speed is vital and pat-a-cake methods are old hat in today's gigantic baking industry. Accelerated production, streamlined packaging methods, plus swift distribution systems have made baking one of America's most progressive industries

BAKING IS BIG!... A \$3 BILLION a year industry ... an impressive production figure; BUT it is only a part of the huge **\$33 BILLION FOOD MANUFACTURING BUSINESS**; and Bakery processing requirements for equipment, supplies and raw materials are little different from those of other food manufacturers.

For Food Processing is a single industry. All its branches have common operations and problems ... in production, packaging, storage, materials handling, and distribution ... problems solved by the use of the same or similar equipment.

Bakery executives, like management and production men in other branches of the food business read **Food Industries**. For only FI supplies the latest reports, articles and process flowsheets plus up-to-the-minute news on every branch of the industry.

Food Industries reaches the men who buy equipment, machinery, supplies and raw materials in food plants. To have your advertising sell the right people throughout the food manufacturing market ... use **Food Industries**, the only paid magazine exclusively serving all of the food processing field.



Food Industries

A McGRAW-HILL PUBLICATION





Burying a headache!

Roebling Aircord can
trouble importantly to
safe, sure "control in
the air."

Roebling Oil Tempered
Spring Wire leads for
automotive springs.

Roebling Elevator Rope
is the most widely used
wire rope in elevator
service.

OVERHEAD WIRES have plagued pilots for years. Today, the most practical . . . most economical solution is to lay Roebling Neoprene Jacketed Type RR Cable directly in the ground—in a 1½- or 2-foot trench. And once the cable is out of sight, it can be put out of mind. There will be no service interruptions; no upkeep costs.

What's true at the airport is true at your plant, too. You can save money by burying your overhead-wire headaches.

Roebling makes a widespread line of electrical wires and cables . . . and many of these products afford special advantages and savings. Roevar Magnet Wire has insulation 10 to 40 times tougher than others, yet costs less. Roebling Varnished Cambric, Paper Insulated and Portable Power Cables, Building Wire and Cable . . . each has the superior quality that ensures extra service life and economy.

FOR A WIDESPREAD RANGE OF WIRE AND WIRE PRODUCTS...

Today it's Roebling!

JOHN A. ROEBLING'S SONS COMPANY, TRENTON 2, N. J.

Atlanta, 934 Avon Ave. • Boston, 51 Sleeper St. • Chicago, 5525 W. Roosevelt Road • Cincinnati, 3253 Fredonia Ave. • Cleveland, 701 St. Clair Ave., N. E. • Denver, 4801 Jackson St. • Houston, 6216 Navigation Blvd. • Los Angeles, 216 S. Alameda St. • New York, 19 Rector St. • Philadelphia, 12 S. Twelfth St. • Portland, 1032 N. W. 11th Ave. • San Francisco, 1730 Seventeenth St. • Seattle, 900 First Ave. S.



"The salesman . . . has to be analyzed when his sales are not good."

we have to probe into what the reasons are—whether he has trouble at home or whether he doesn't feel that he should be that strong—whether he feels that he may be hurting people by being that strong.

BW: How do you get the information to straighten him out? I would assume that all you have to work on would be his sales record until you get to the meeting and there he is.

REVSON: Well, we get it either through myself working with the man or through our supervisors working with the man—through his conversation with me on how he has handled certain accounts that I happen to know personally. Or his general observations of how he handles accounts. By these, I can tell whether he is hitting mental blocks.

BW: Just how much do you think your advertising—the choice of names that you make so carefully—the catchy names, mean to the average women? Eventually, is it the product itself which is going to sell?

REVSON: What you have in mind is—doesn't a woman get tired of names like Fatal Apple, Sweet Talk? And our only answer is this: As far as our surveys can indicate, when we talk to women about cosmetics, the unsolicited statement is "Where do you get those names? Who thinks them up? And boy—what are you going to think up next?" It's a comment of admiration and respect. It is not one of condemnation—saying "Who are you trying to fool?" The reason women don't feel that we are trying to fool them is that we back it up with the product. We recognize that advertising in itself, or just a cute name, is not enough. But—as I started to say before and I cannot impress too much—the reason women buy cosmetics is because they buy hope.

WHAT'S DOING IN DALLAS

Dallas Is Fine For Fun Outdoors

Businessmen, workers relax at golf, fishing, swimming, shooting; lakes, country clubs are close in; Dallas recreation is diversified, including the Western touch.

■ **Dallas is a good business town**, but it is also a good pleasure town. And like its industry, Dallas' recreation opportunities are diversified.

Within a matter of minutes in a car, the Dallas business executive, or his employee, has a great range of activities to choose from.

He can play golf, go fishing or swimming or boating, play on the Midway of the State Fair of Texas, attend a Starlight Operetta or see Cotton Bowl football, drive in for a barbecue plate under the stars, see a rodeo or join in a square dance — all within the city's limits and close to residential sections.

Take one example: White Rock Lake, a 1,200-acre body of water, is the heart of one of Dallas' 78 public parks; it's about a 15-minute run by automobile from the downtown area. At White Rock, you can picnic, swim, fish, water-ski, surf-board, sail, buy a launch-ride, or just sit around and look at the handsome homes bordering the lake.

■ **Dallas' park system**, with over 5,500 acres, also includes 8 swimming pools (for adults), 27 lighted softball diamonds, 3 golf courses, a 60-acre zoo, 60 tennis courts, an aquarium, a natural history museum, 20 community buildings, and a lagoon for fly-rod casting.

To Dallas business houses and manufacturers the close-in facilities have significance. Their people enjoy the economy of both time and money in being able to take their sports without going long distances. Dallas also has an extensively developed lighting system for night sports in parks.

From Dallas as a starting point, the open road leads the outdoorsman to spectacular

resorts. There's the popular Possum Kingdom Lake, about 2 hours to the west, set beautifully among hills and scenic delights (fishing includes bass, crappie, channel cat).

■ **Two hours from Dallas** is Lake Texoma, covering 227 square miles, extending 58 mi. east and west, 42 mi. north and south.



THINK OF DALLAS

... and you think of beautiful girls. This month, "What's Doing In Dallas" is privileged to present a camera study of the former Sloan Simpson of Dallas, now Mrs. William O'Dwyer, wife of the Mayor of New York. From her home in fashion-minded Dallas the former Miss Simpson went to New York for a fashion career. Today, as New York City's charming, youthful First Lady, she has introduced Texas hospitality at Gracie Mansion, the Mayor's official home.

TRINITY INDUSTRIAL DISTRICT

By Julian Stag

Four years ago John and Storey Stemmons opened the Trinity Industrial District in Dallas.

There wasn't much to look at then — 1,150 grass-grown acres on the downtown area's low-lying western edge. The quiet Trinity River gave the district its name.

Today, this development is a showplace of industry, it typifies the new Southwest industrial frontier and Dallas' big role in the region.

Bright new office buildings, plants, warehouses, truck and rail terminals, wholesale and distributor headquarters and showrooms dot the Trinity District.

From \$2,000,000 worth of construction in 1947 the pace in the district has quickened to \$7,500,000 in projects in the last 12 months. Right now, some \$5,000,000 in

(Thumbnail sketch of a Dallas industry)

new building is under way (30 separate projects, 700,000 sq. ft.).

International Harvester is building a new \$1,500,000 Southwestern parts depot in the district. Here is located the home of the coast-to-coast Continental Bus System (built 1948).

The Texas & Pacific Railway's new freight terminal is considered the most elaborate in the South (100,000 sq. ft. bldg., 38-acre site, cost \$1,500,000).

Other well-known names represented (to cite but a few): American Radiator, Decca Records, Pittsburgh Plate Glass, Merchants Fast Freight, General Tire, Cities Service, Johns-Manville, RCA, Chase Brass, Mankattan Shirt, etc., etc.

The Trinity Industrial District is believed to be the largest industrial development in the country under a single ownership; total value as of now is about \$20,000,000.

It's the fourth largest man-made lake in the world. Here, as at other lakes in the Dallas area, duck hunters have a mecca.

Currently, Dallas is watching progress on the new Garza-Little Elm dam and the Grapevine dam, which will give the city two new resort lakes nearby.

■ **Climate makes a big difference** when you think of recreation in a city like Dallas. You're just as apt to be playing a game of golf at Dallas Country Club, or the Brookhollow Club, or Lakewood or Northwood or Preston Hollow, on a balmy mid-February day as you are in August.

Year-round outdoor living is the beauty of working and headquartered in Dallas. There are touches of winter, but snow is only occasional and even the roughest Januarys have their nice days.

For something different in sports Dallas offers itself as the nation's skeet shooting center and one of the centers for motorized flight (this year's National Soaring Contest was held in Dallas County, Aug. 2 to 13).

Those with a yen for the deep, blue water and the salt spray go from Dallas to the Gulf, setting out from picturesque ports in chase of big game fish (tarpon, kingfish, sailfish, dolphin).

■ **While Dallas is known** for its culture and urbanity, it is also still part of the West. There are dude ranches, as well as real ones, nearby. There's a Saturday night rodeo. Eating out in the open is a habit, and the shiny, new cars slide into the wide parking areas where fast-moving, pretty car hops tote their trays with the smoky smell of barbecue heavy on the night breeze.

Even the churches are showing a trend toward recreational development. Recently, a fairly small Dallas congregation (Northway Christian Church) raised \$25,000 to set up a playground on its own 12.7-acre site.

Dallas' sports-mindedness was demonstrated when more than 100,000 people saw the first Southwestern Sports and Vacation Show (sponsored by *Dallas Morning News*) last year, and jammed it again this year.

DALLAS BRIEFS

Dallas bank deposits hit an all-time high of \$1,204,391,065.67 June 30, up 'more than \$202,000,000 from a year ago.

United States Envelope Co. last month broke ground for its new Southwestern plant at Dallas to cost about \$1,000,000.

The *Key to Buying in Dallas*, a 280-page market directory, sells for \$1.50.

American Fashion Association
paid for this advertisement for the Dallas Chamber of Commerce in the interest of Dallas development. It is the eighth of a monthly series to keep you posted on Dallas, the city of opportunity in the Southwest. Would you like copies of this advertisement, others in the series, or other information? Address:

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CHARLIE CHAPLIN bows out.



MARY PICKFORD stays as a director.

Who Bought United Artists?

Nobody knows who backed McNutt syndicate or exactly how much UA cost. It's clear enough why Pickford and Chaplin sold out: UA needed capital to finance films, and banks balked.

Secrets are hard to keep in Hollywood. But nobody has been able to find out yet who supplied the money that bought United Artists Corp. last month from Mary Pickford and Charlie Chaplin.

• **Clues**—All Hollywood knows for sure is that:

(1) A syndicate which put up the cash is headed by ex-politician Paul V. McNutt. Nobody knows where he got the money.

(2) Max Kravetz, a film attorney who also used to deal in scrap iron and war-surplus materials, had the idea—and the contact. He persuaded McNutt to come in with the cash. Kravetz is now secretary of UA.

(3) McNutt has brought in as president Frank E. McNamee, a Philadelphia film exhibitor and former distributor. He once worked as McNutt's deputy when McNutt was War Manpower Commissioner.

(4) Mary Pickford will stay on as a member of an executive committee with the first three. She and Chaplin had each previously owned a 50% interest in UA. They each still retain a 5% interest, which the McNutt group has an option to buy.

Last week's announcement that Clinton J. Scollard would be executive vice-president gave no further hint as to who financed the deal. Scollard has no particular financial connections. He

recently left Paramount Pictures, Inc., where he handled labor relations.

• **How Much?**—United Artists makes no movies, owns practically no U.S. theaters. It distributes films made by independent producers. It has a large sales staff in the U.S. and abroad.

The McNutt group is supposed to have bought UA for \$5.4-million. But some Hollywood sceptics believe that the syndicate put up only \$1-million or less in cash, with hopes to raise the balance later. This possibility already has producers who usually distribute through UA up in arms. They want to know definitely what the company's financial status is. If UA can't back them, they want to know it now so they can make other arrangements.

It's even whispered that the whole deal is a stall. One piece of Hollywood gossip is that Pickford bought out Chaplin, hopes to dazzle UA's producers for a few weeks while she and McNutt raise a few million dollars.

• **Why Buy?**—The reported price of \$5.4-million seems pretty high. UA has little or no cash—and many problems. It owns a 25% interest in four Los Angeles theaters, as well as a 50% interest in J. Arthur Rank's Odeon chain of over 300 British houses. But British currency restrictions make it hard to get dollars out.

Perhaps the answer is in the remark of a film magnate who once made a



PAUL McNUTT moves in at UA.

bid for UA. When asked why he wanted it, this man pointed out that it would probably cost approximately \$4-million to build a sales force of similar proportions.

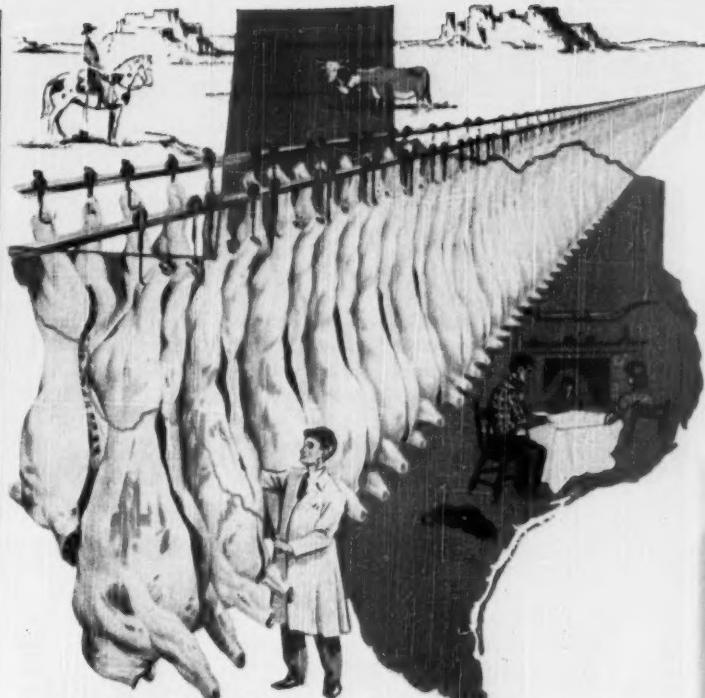
• **Why Sell?**—It's a lot easier to figure why Mary Pickford and Charlie Chaplin sold out than it is to understand why anyone should pay \$5.4-million for UA.

To get good films these days, the distributor has to be able to play the banker's role and finance production; with the recent box-office drop, the banks themselves aren't keen on backing movies just now. Lacking capital, UA has been losing good independent films to competitors. It needs several million dollars in working capital if it is to survive. A quick way to get it was to sell control to new financial interests.

McNutt wants to get big-time producers to distribute through UA again. To do this, his group must have several million dollars in addition to the amount that they paid for UA. This kind of money would mean better terms on picture deals, an assured supply of better pictures—and more chance to make money.

• **A Past, A Future?**—With the government forcing split-up of the major production-exhibition film companies (BW—Mar. 19 '49, p98), UA now has a good chance to regain the position it once held.

The corporation was formed in 1919 as a cooperative venture through which top stars, directors, and producers could distribute their films to theaters. At various times, United Artists has distributed some of the best pictures that have ever been produced in Hollywood. But it has always been an arena for furious battles among its artif-owners.



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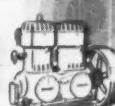
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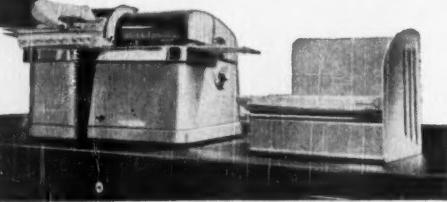


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Baldwin Merger

It agrees on plan to consolidate with Lima-Hamilton, another locomotive builder. Baldwin investments are outside deal.

Two of the country's oldest locomotive builders—Baldwin Locomotive Works (founded in 1831) and the Lima-Hamilton Corp. (founded in 1869)—last week decided to become one.

Directors of the companies announced they had approved "the substance" of consolidation proposals. Stockholders will probably be called on to add their O.K.'s, just as soon as all legal details of the merger have been ironed out.

• **No New Company**—To work the merger, the two companies have already decided against setting up a brand-new corporation. Here's how they will handle the deal under terms of the proposals.

Baldwin Locomotive Works will merely change its name to the Baldwin-Lima-Hamilton Corp. It will raise the amount of its authorized common stock from three-million to five-million shares. Then it will hand over most of the two-million-share increase in capitalization to Lima-Hamilton stockholders in return for the surrender of L-H assets. This would be done on an exchange basis—one share of the new B-L-H stock for each share of Lima-Hamilton common.

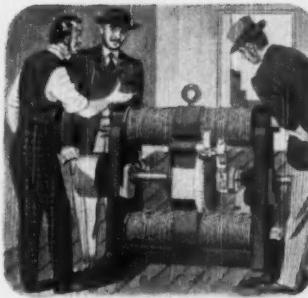
• **Strings Attached**—Actually, the treatment Lima-Hamilton stockholders will get won't be quite so liberal as at first glance. Before the consolidation, Baldwin's principal "investment" holdings will be transferred to a new company. All this company's outstanding stock will be paid out as a special dividend to Baldwin stockholders.

That in itself is something of a haul. Among other things, Baldwin owns 383,425 shares of Midvale Co. common (64% of the issue), which was selling at more than \$17 last week. (Midvale among other things is one of the nation's principal makers of armor plate, ordnance forgings and the like.) The holding, which Baldwin has carried on its books at \$1.4-million, now has a value of some \$6.5-million. That alone is the equivalent of about \$2.70 on each of the 2.4-million shares of outstanding Baldwin common. These outside holdings explain why Baldwin is now selling for \$15 and Lima-Hamilton for \$11—despite the planned 1-for-1 exchange.

The companies' official reason for the merger is that the products of both "supplement each other and will result in better diversification."



1 1600—Man worked hard for his pay in these days. Crude machines like this began to lighten his load by replacing laborious handwork with foot power. But progress was really only beginning.



2 1873—By accident, it was discovered that if two direct current dynamos were connected together, one would serve as a generator and drive the other as a motor. Electrical horsepower was here!



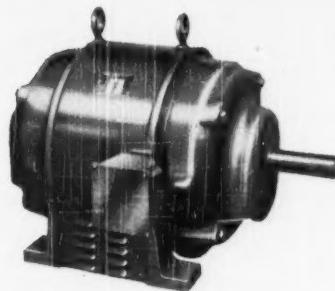
3 1900—Result: Electrical horsepower replaced foot power! By 1915, Howell "Red Band" Electric Motors arrived. Soon, these rugged, industrial type motors were widely accepted in many industries.

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FINANCE BRIEFS

State insurance commissioners don't think the war is serious enough yet to "require extreme limitation of policy benefits by issuance of war clauses generally" (BW-Jul.29'50,p58). A committee set up by the National Assn. of Insurance Commissioners recommended, however, that use of war clauses be approved when companies ask for it.

Home Owners Loan Corp. cut its outstanding mortgage loans from \$319-million to \$84-million in the 1949-50 fiscal year. The total now is less than 3% of \$3.5-billion once outstanding, and HOLC expects the remainder to be paid off or sold by next June.

Dieselization, after a late start on the Pennsylvania R.R., has now reached the point where diesel-electric or straight electric motive power is handling 85% of all passenger trains, 48% of all freight runs, 58% of all switching operations.



Love That Barbecue

At the dedication of Ohio Edison Co.'s new \$25-million generating plant, Walter H. Sammis, president, deals R. E. Burger, chairman of the executive committee, a slice of barbecued beef.

The 230,000-kw. generating station was named in honor of Burger, president of Ohio Public Service Co. until its merger with Ohio Edison, who selected the Ohio River site in the early 20's. At that time, the Dilles Bottom, Ohio site was 100 miles from the nearest OPS highline.

Time has justified Burger's choice of site. Coal shipped by barge to the plant costs 20¢ a ton; it would cost \$2.10 a ton if the plant was on Lake Erie, near the company's operation.



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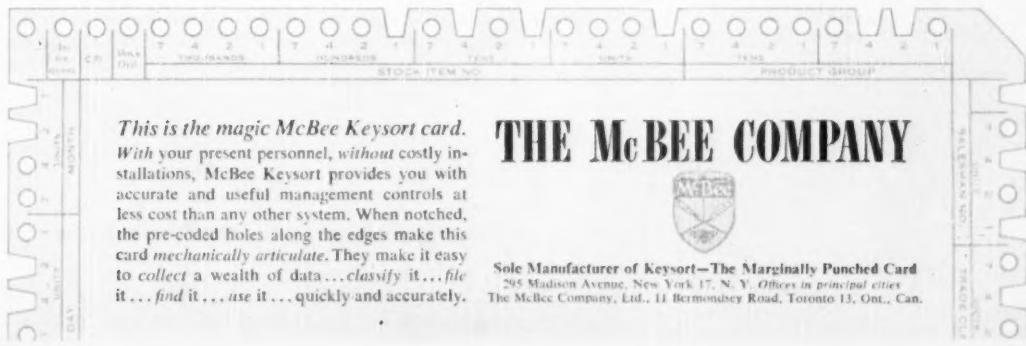
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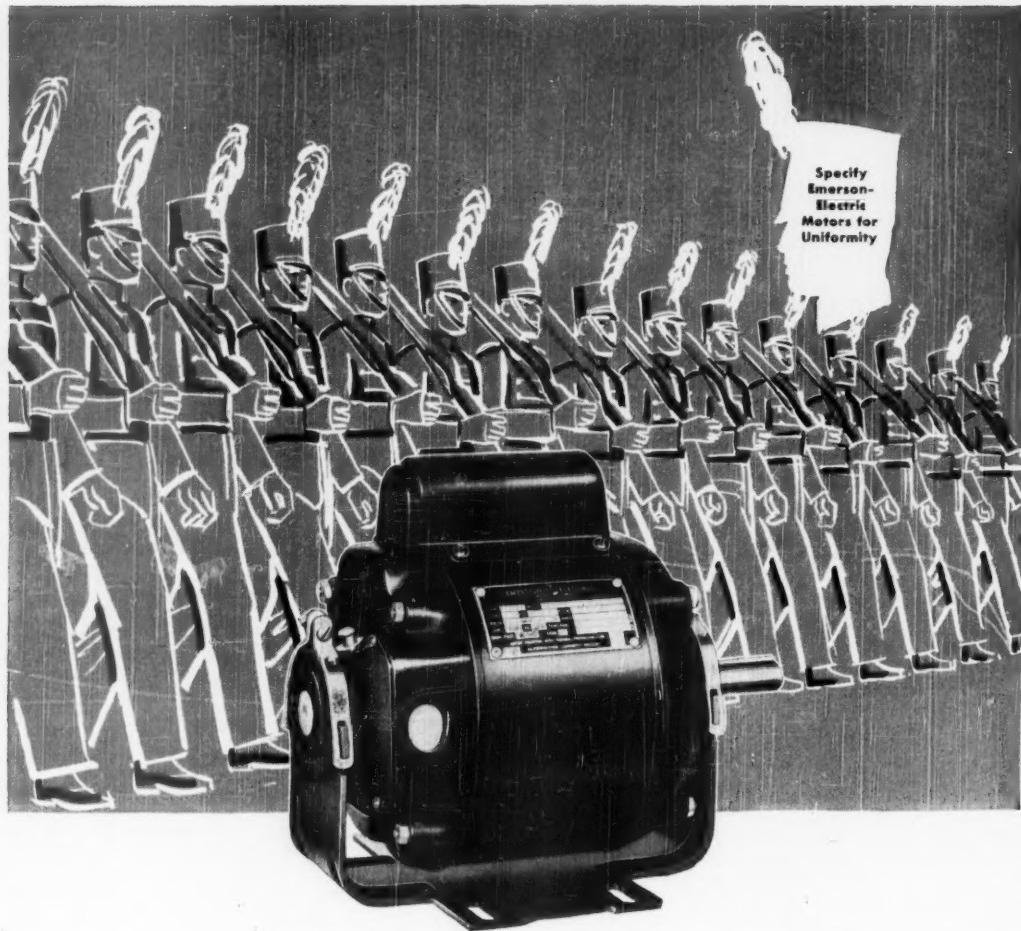
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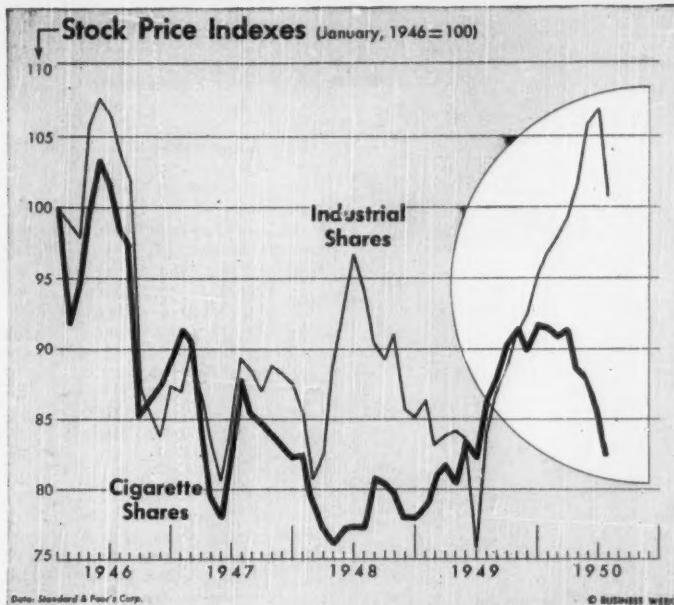
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Cigarette Shares Drag

Tobacco companies' earnings took a drop at the start of 1950, and their stocks were weak, even before Korea. But the boost in cigarette prices last week should make a big difference.

Americans are smoking more cigarettes than ever before. And all major tobacco companies reported record earnings for 1949. But you would never know it from the way cigarette stocks have been behaving.

While Standard & Poor's index of industrial stocks climbed steadily for a year until the Korean break, S&P's index of cigarette shares hit its peak way back in December. It has been dropping ever since.

• **Earnings Slide**—One reason for the early plunge was the decline in 1950 first-quarter earnings. Of the five major companies represented in the S&P index, all but one—Philip Morris & Co., Ltd., Inc.—showed lower earnings for the first quarter, 1950, than for the same period the year before.

Second-quarter earnings were better. Liggett & Myers Tobacco Co. and P. Lorillard Co. both made up enough in the second quarter to push earnings for the first half of 1950 slightly ahead of the year before. Philip Morris reports second-quarter earnings of \$1.85 a share, compared with \$1.50 in 1949.

• **Defensive Stock**—But the improvement still wasn't enough to stem the downturn in stock prices. The fact is that Wall Streeters look on tobacco

issues as "defensive stocks": They do unusually well in a bear market because cigarettes are one of the last items that consumers economize on. But in good times, cigarette shares usually can't keep up with a bull-market pace—tobacco consumption, and earnings, don't fluctuate that fast.

• **Price Hike**—Last week, cigarette companies took a step that may raise their earnings considerably. For the first time in two years, the major manufacturers raised factory prices. The old price of \$7.78 a 1,000 (\$7.75 in the case of R. J. Reynolds Tobacco Co.) went up to \$8 a 1,000. That includes federal excise tax.

This means the net wholesale price (which excludes excise taxes and discounts) goes up from \$3.36 a 1,000 to \$3.58. And since price rises on cigarettes seldom have any effect on sales, this should mean a rise of about 6½% in dollar volume for the manufacturers. Trade observers think that most of this will come through to net income this year. They estimate it may increase 1950 per-share earnings by as much as one-third.

Since the war, the companies have raised prices several times. But they haven't been able to get back to the

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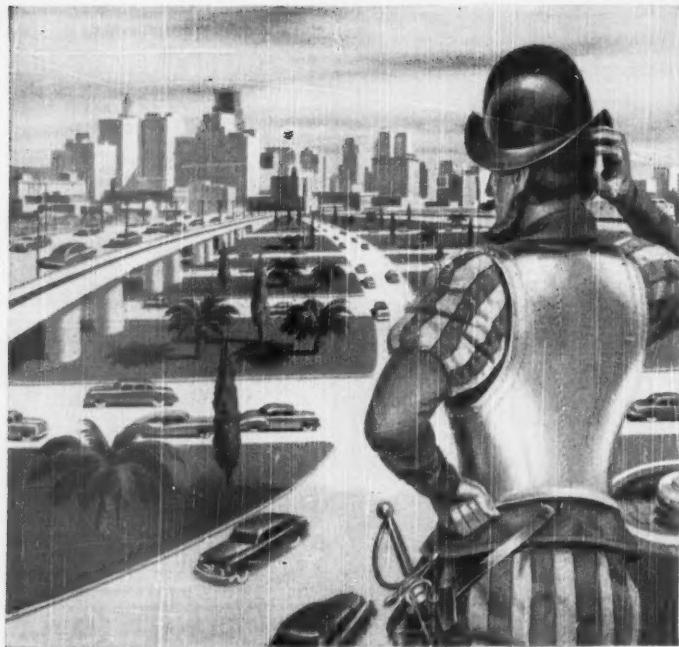
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profit margins they enjoyed before 1941. American Tobacco, for instance, turned 19.8% of sales into net income in 1940. In 1945, only 7.2% of sales came through to net income. In 1949, American was earnings only about 10.2% on sales.

• **Rising Kings**—Another factor that has been cutting into manufacturers' profits in the past few years has been the rise in popularity of the king-size brands. Between 1943 and 1949, sales of long cigarettes climbed 112%, compared to 37% for other sizes (BW—Jan. 21 '50, p60). King-size cigarettes use about 15% more tobacco, as well as extra paper, yet they have been selling at the same price as the standard size brands. American Tobacco Co. was the only company to face up to this situation in last week's price rise. It upped the price of its king-size Herbert Tareyton and Pall Mall brands to \$8.05 per 1,000.

• **Big Smoke**—The cigarette companies still think they are in a long-term growth trend. There have been only two years in the past two decades—1931 and 1949—in which sales dropped off from the previous year. In 1949, the dollar shortage played hob with exports, though domestic sales increased. That brought total sales down $\frac{1}{2}\%$ below 1948. However, it's now estimated that total sales will be approximately 390-billion cigarettes in 1950, compared to 385½ billion last year and 387 billion in 1948.

• **Capital vs. Debt**—Cigarette sales climbed fast during the war, just when tobacco prices were going up. That forced the companies to do a lot of debt financing in order to carry their inventories. Since V-J Day, most of them have issued common or preferred stock to strengthen the ratio of capital to debt and have plowed back most of their earnings.

But they have also had to do some heavy long-term borrowing. L&M, for instance, boosted its long-term debt from \$53-million at the end of 1945 to \$128-million at the end of 1949. Reynolds' long-term debt rose from \$6-million to \$145-million in the same period. And American's climbed from \$183-million to \$226-million.

At current prices, yields on cigarette common stocks are pretty good. Figured on the basis of indicated dividend rates for this year, yields run from about 6% for the larger companies to 8% for the smaller companies, such as Philip Morris and P. Lorillard.

One reason for the wide variation is the differences in capital structure. L&M stockholders, for instance, have more equity in the business than Philip Morris stockholders because there is proportionately less preferred stock, bonds, and short-term debts in L&M's capitalization.

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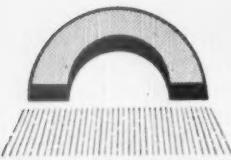


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SPECULATORS coming back into the market are pushing up low-price shares.

Low-Price Stocks Recover

Speculative issues have bounded back to—and above—pre-Korean highs, while high grades sink. Traders look to big percentage gains in marginals when war production ups earnings.

Low-priced speculative stocks have just about got over the shock of Korea. But high-priced, investment-type shares are still way down in the dumps. Compare Standard & Poor's index of low-priced shares with its index of high-grade commons (chart). The high grades were still stuck close to their 1950 low last week. The low-price index, however, has bounced up almost to where it was before the Korean crisis broke.

• **Lows Most Active**—A lot of other low-priced shares that are not in S&P's index have done even better. Last week, 12 of the 20 most active stocks on the Big Board were \$20-and-under shares. Among them were Continental Motors—up 30% from its day-before-Korea high, Sunray Oil—up 10%, and Lima-Hamilton—up 20%. Lima's climb was at least partly due to the announcement of a projected merger with Baldwin Locomotive (page 80).

• **More for Marginals**—All this reflects a switch in trading interest—from solid investment stocks to the weaker, more speculative companies (BW-Jul. 29'50,

p62). A good many traders are going on the assumption that a big war program piled on top of record peacetime industrial output will almost automatically produce bigger earnings for marginal operators. Since the stocks of these companies usually sell cheap, Wall Street figures that war economy could mean big percentage gains for low-priced shares.

This was what happened during World War II. Then traders who bought a representative package of marginals often made out better than those who concentrated their attention on what they thought were the war babies.

• **Pickup** Since April—Low-priced shares were getting a pretty big play even before Korea. You can see from the indexes that more and more speculators have been dabbling with the cheap shares since last April.

The S&P high-grade index hit its highest point back in May. And that was only about 5% above its level at the start of the year. The low-price index rang up a gain of 27% from

January, 1950, to its pre-Korea peak. Until the war scare, however, the solid investors were still setting the tone of the market. And most of the buying was going into the high-grade issues even though the cats and dogs were making the fanciest gains.

• Defensive Issues—Now the Korean war has shoved the high-grade shares into the background at the same time that it has brightened the outlook for low-priced stocks. Most of the issues in S&P's high-grade index are defensive stocks. Their dividends usually keep pretty steady, no matter what the economic weather may be. These stocks wouldn't increase their earnings much in a war economy. And an excess-profits tax would hit most of them hard.

• Don't Go Overboard—That doesn't mean that low-priced shares are a dead

sure bet from here on. Buying them in wartime is no sure road to easy riches. The threat of an all-out war is still bearish and if the Bulgars should invade Yugoslavia next week, the low-price shares would probably slump right along with the high-grade stocks. They took a bad dive at the start of the Korean crisis. And next time, they might stay down for a long time. You can bet that there is a large number of traders in today's market who would be sure to sell out fast at the first sign that the war was going to spread anywhere beyond Korea.

And, of course, a lot depends on how long you hold low-priced stocks. When they go up, they usually go up faster percentage-wise than higher-priced stocks. But when they go down, they go down faster, too.

First-Half Dividends Pass \$2-Billion

For the first time in history, common stocks listed on the New York Stock Exchange's Big Board paid over \$2-billion in dividends over the first six months of the year. The final tally came to \$2.1-billion, approximately 10% higher than the score for the same period in 1949.

Dividend payments went pretty much across the board. Over 83% of listed commons paid dividends during the January-to-June period. More than 24% were able to raise their ante to stockholders then, and 48% managed at

least to hold payments up to 1949 levels. Only 13% of the listed stocks were forced to cut, defer, or eliminate dividends.

Less than a third of the commons listed carried over half of the load. These were the auto, chemical, electrical equipment, oil and natural gas, and utility shares. Together, they contributed over 54% of the total dividend payment. If they hadn't been included, the 1950 first-half showing would not have come even close to breaking records.

Number of Issues	First-Half Dividend Payers				Dividend Results 1950 vs. 1949			Approx. Amount of Dividends (000 omitted)		% Change 1950 vs. 1949	
	1949	1950	Higher	Same	Reduced	1949	1950	vs. 1949			
						\$14,795	\$15,351	+ 3.8%			
Aircraft.....	24	9	10	3	5	2	\$14,795	\$15,351	+ 3.8%		
Amusement.....	22	18	17	8	8	2	31,081	32,682	+ 5.2		
Automotive.....	70	54	56	19	31	7	184,255	211,924	+ 15.0		
Building trade.....	30	29	28	9	14	6	23,077	24,255	+ 5.1		
Chemical.....	79	71	74	32	37	5	206,852	240,387	+ 16.2		
Electrical equip.....	20	18	17	5	10	3	45,323	66,270	+ 46.2		
Farm machinery.....	7	7	7	5	1	1	20,281	26,065	+ 28.5		
Financial.....	31	27	28	11	17	0	39,769	49,222	+ 23.8		
Food pdts., beverages.....	68	61	60	14	43	5	96,592	103,197	+ 6.8		
Leather & products.....	11	9	8	2	4	3	10,234	9,658	- 5.6		
Machinery, metals.....	103	94	90	29	48	18	68,032	72,729	+ 6.9		
Mining.....	39	27	28	6	10	14	65,504	59,477	- 9.2		
Office equip.....	10	9	9	1	6	2	14,980	15,383	+ 2.7		
Paper, publishing.....	35	31	28	9	14	8	32,201	33,226	+ 3.2		
Petroleum, natural gas.....	45	41	43	9	30	5	238,028	279,881	+ 17.6		
Railroad, R. R. equip.....	81	57	56	4	45	8	118,447	99,001	- 16.4		
Real estate.....	10	7	7	3	4	1	6,287	6,212	- 1.2		
Retail trade.....	70	63	61	10	43	10	124,869	129,585	+ 3.8		
Rubber.....	10	8	8	1	4	3	16,421	14,972	- 8.8		
Shipbldg., operating.....	11	9	9	1	8	0	7,118	7,537	+ 5.9		
Steel, iron.....	39	34	33	16	9	10	86,736	92,659	+ 6.8		
Textile.....	43	42	38	2	25	15	40,785	34,004	- 16.6		
Tobacco.....	16	15	15	3	11	1	38,451	40,555	+ 5.5		
Utilities.....	90	76	81	36	45	0	269,614	325,763	+ 20.8		
U. S. co's. oper. abroad.....	24	12	12	2	8	4	31,472	28,963	- 8.0		
Foreign companies.....	19	14	14	5	7	3	44,790	46,706	+ 4.3		
Other companies.....	17	16	16	6	10	0	10,971	13,754	+ 25.4		
Total.....	1,024	858	853	251	497	*136	\$1,886,965	\$2,079,418	+ 10.2		

*Payments were reduced on 105 issues, eliminated or deferred on 31.

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LABOR

Pay Hikes Outweigh Pensions

Stress on more wages now rather than on pensions may boost management's labor costs. From industry to industry, labor is hurrying to beat a wage freeze, catch up with rising cost of living.

Unions are shifting their stress at the bargaining table. And the new stress may cost management some money.

- **Emphasis on Wages**—Few workers are willing to sign contracts today for just new pension and insurance benefits—the basic factors in "pattern" fifth-round settlements. They want direct pay increases besides \$100-a-month pension and insurance gains. If they can't get the whole package, then they'll put the stress on a wage boost.

It's easy to see why:

(1) Living costs are climbing fast. The last Bureau of Labor Statistics c-of-l index figure was 170.2 for mid-June—up 3.7 from the postwar low in February. BLS's figure for mid-July (out in the next two weeks) will mark a sharp jump in General Motors hourly pay—probably 4¢ an hour; that would be in addition to GM's present 3¢-an-hour c-of-l adjustment.

(2) Wage controls are getting serious thought in Washington. So unions are hurrying to get ahead of a new pay freeze. They figure that prices might be rolled back to June 15 levels, but wages might be fixed at 1950 contract levels. So the better they can do in 1950, the more ready cash labor would have in its pockets.

(3) Present pension plans are based on accumulated work credits and in some cases on continuity of employment. A broad mobilization program would shunt many workers from pension-plan plants to the armed forces; it might shift others from nonessential to essential jobs. In either case, workers think, their pension rights might be jeopardized. So more money now looks better to them than a possible pension sometime in the future.

- **No Clean-Cut Shift**—So far, unions haven't written pension and insurance demands off entirely. They've just added demands for money to their earlier requests. Later, they may put off the now-routine \$100-a-month pension demand for a while—and ask employers to add the estimated 7¢-an-hour cost of pensions to a substantial c-of-l hike in direct wages.

Meanwhile, the wage issue is gaining ground as the big point in contract talks. The National Foremen's Institute, a research and information service,

reported that 425 labor contracts checked in July showed an average 6.8¢ hourly pay hike compared with the average hike of 5¢ an hour for the first six months. NFI also reported that fewer "no-raise" contracts were signed in July than in any earlier month this year.

Employers themselves, in some instances at least, are not sorry to see some wage increases now. They wouldn't want to be frozen at a low-wage level in a labor shortage.

- **Union Dilemma**—Although unions want to get as much of a wage hike as they can before a pay freeze, they realize this: There's no surer way of bringing about a quick pay freeze than to launch a stubborn drive for pay boosts.

This fact may temper union demands—at least until price and wage controls take a hard-and-fast form.

- **Union Questions**—What will happen to the General Motors type of annual "improvement factor" raises if and when wages are frozen?

It's a big question for unions. Many of them signed up this year for 3¢ or 4¢ hourly increases for the next five years. In World War II, automatic raises were out unless they fitted into the prevailing "Little Steel" formula (which let employers raise pay rates 15% above wages on Jan. 1, 1941, to offset a c-of-l increase before the effective date of the wage freeze).

If the old rules prevail again, GM and other automatic increases will be barred. But Capitol Hill planners know there'd be trouble aplenty if raises already negotiated for 1951 and later were blacked out. So they are studying a plan to make the GM contract the yardstick for the next wage freeze, thus permitting annual "improvement factor" increases.

The unions also want to know what's going to happen to cost-of-living contracts, and whether "fringe" benefits will be frozen along with wages. In World War II, the "fringes" gave unions a loophole for making contract gains despite frozen pay rates.

- **Bargaining Roundup**—The most important negotiations looming this year are in the steel industry. Contracts with the United Steelworkers (CIO) reopen on wages on Jan. 1, 1951; bargaining will start Nov. 1—maybe sooner if com-

pany and union agree to try to get a raise in before a wage freeze.

In other industries:

Auto. Most contracts already signed follow the GM pattern, carry automatic increases and no reopenings. But Ford Motor Co.'s pact has a Jan. 1, 1951, reopening, and the Chrysler Corp. contract can be reopened on July 1, 1951, on wages.

The changed attitude is evident at the Hudson Motor Car Co. Local leaders of its United Auto Workers (CIO) negotiated a contract calling for a maximum \$117.50-a-month pension at 65, more insurance, and a 3¢ blanket pay rise. A thin majority of the 20,000 workers rejected the pact. They wanted more pay to offset "rapidly rising living costs."

Electrical manufacturing. Up to now, CIO's International Union of Electrical Workers and the now-independent United Electrical Workers have been willing to move slowly in contract talks with major employers—General Electric and Westinghouse. Neither union was willing to risk a showdown. Now, both are building up pressure on the wage issue; they're afraid of being caught with 1949 pay levels in wage freeze.

Rubber. The United Rubber Workers (CIO) said last week that it will begin negotiating right away for a 25¢ hourly pay hike for 200,000 members—mostly employed by "Big Four" companies. URW said the "sharp rise in commodity prices in the last 60 days" makes immediate pay hikes necessary—and "increases in manpower productivity" make them possible. The union also wants 6¢ an hour set aside for revisions in what it calls wage inequities and area differentials in pay.

Textiles. For two years, CIO's Textile Workers Union of America held off on wage and pension demands. It believed the industry couldn't afford higher labor costs. Now, TWUA is reconsidering this policy because of "the sharp general rise in consumer prices [and] the rise in prices, demand, and profits in the textile industry." TWUA's synthetic yarn division recently settled for a 7% increase in pay (averaging 11¢ an hour) for American Viscose employees.

Coal. John L. Lewis' United Mine Workers can't reopen on wages until next Apr. 1.

Meat packing. AFL and CIO unions are working together in a wage drive against big packers. They have agreed to "jointly use all their resources" to get "substantial" wage boosts and other gains.

Farm equipment. Many contracts come up for renegotiation or wage reopenings this month and next. Wages are the big issue for the Farm Equipment Workers (now a branch of UE) and rival CIO unions.



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"ALL MAD INSIDE," Ernest T. Weir says, but Weirton accepts court order on union.

Weirton: Round 3

CIO readies new drive after court kills independent union. Merchants back opposition to "outside union."

Weirton Steel Co., one of the top organizing goals of CIO's United Steelworkers since 1937, faces another all-out USW drive. The way was cleared for it two weeks ago when the U.S. Court of Appeals ruled the Weirton Independent Union, Inc., was company-dominated, ordered it dissolved.

• **Old Case Ended**—The court decision wound up one of the oldest labor cases pending before the National Labor Relations Board and federal courts. It began on July 6, 1937, when CIO first petitioned for an election in Weirton. And for 13 years, it bounced back and forth between NLRB and courts.

The latest decision applied to charges filed in August, 1944. Courts had just ordered one independent union dissolved at Weirton; the Weirton Independent Union had sprung up to replace it. USW charged that Weirton fostered the new WIU to keep CIO out—and that the company in other ways interfered with CIO organizing. NLRB upheld the charges. The case went to court when Weirton refused to comply with NLRB directives; NLRB sought a court enforcement order.

• **The Report**—A special master named by the court reported: Weirton didn't organize the WIU, but after the first NLRB elections, the company "steadily increased its interference in WIU

affairs." And Weirton interfered with USW organizing in 1944 by laying off USW supporters, and by "collusion" with the sheriff to hire deputies to police Weirton plant gates.

Now the court has ordered that: (1) WIU be dissolved; (2) discharged USW workers be reinstated; and (3) Weirton is not to interfere further with USW organizing.

• **The Results**—Ernest T. Weir, chairman of Weirton's parent firm, National Steel Corp., protested the decision. But he said the company would not appeal.

To comply with the court order, Weirton has withdrawn recognition of WIU as bargaining agent for its 12,000 employees at Weirton, W. Va., and Steubenville, Ohio. WIU said it would disband "reluctantly," called the court order "a rank injustice." USW said it was "definitely going to reinvigorate" its drive to sign up Weirton workers.

• **New Independent**—Two days after the decision, a new independent union with "considerable" membership was formed. The group—Independent Steelworkers Union—retains WIU's philosophy, but has an entirely new set of officers, down to shop stewards.

William Huff, Weirton employee for 17 years, is top man in the new union. He took over, he said, to assure "the kind of union the men want—not an outside union."

Weirton's local merchants are giving ISU strong support. Within hours after the court decision, businessmen organized a Committee to Save the Weirton Independent Union.

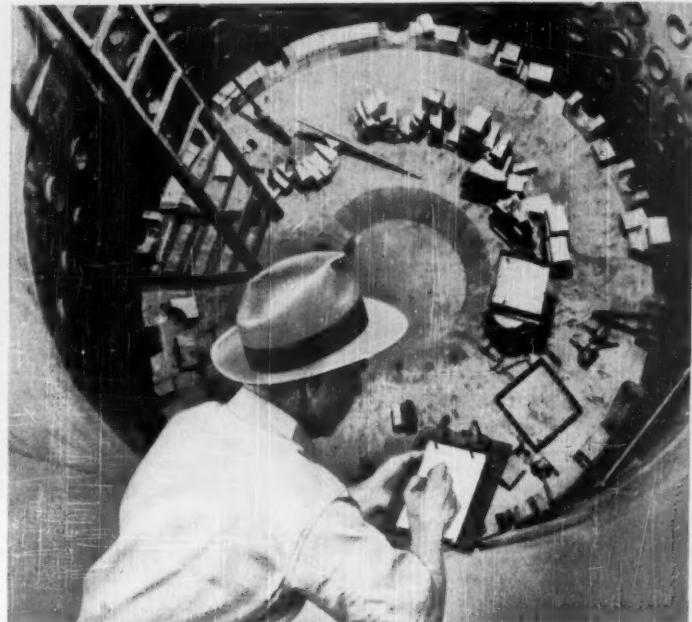
The committee hired counsel to "safeguard the independent rights" of Weirton employees, rented a hall for workers interested in a new independent union, and hired a firm to handle publicity and raise funds.

The merchants say they're interested because they've prospered under the long labor peace at Weirton. They don't want "conditions like they are where there are national unions."

• **CIO Disagrees**—CIO doesn't think that's the reason. Steel union officers, reopening campaign offices in Weirton, complain "it's the same company-control story, all over again."

And they aren't optimistic over organizing prospects. For one thing, they feel they'll have to aim their drive at the entire population of Weirton. The whole town is interested.

The Pictures—Cover by James Cutter. Acme—92; Harris & Ewing—79; Herald Tribune, Photos by Warman—66; Int. News—20; Keystone—105; McGraw-Hill World News—108, 111; Wide World—78; Dick Wolters—48, 70, 72, 74, 76, 94.



17-YEAR ACID DIET—Photo shows construction in 1933 of mammoth Simonson-Mantius Vacuum Concentrator, designed and built for acid recovery by National Lead Company.

Acid Stomach without ulcers ... an industrial success story

When you build equipment to concentrate 20,000 gallons a day of boiling sulfuric acid, you build it to LAST!

After a 17-year daily diet of 150 tons of deadly corrosive acid, the concentrator above is still going strong. No serious indigestion... only routine maintenance, at about 5-year intervals.

This picture, made when the Simonson-Mantius unit was being installed by National Lead Company back in 1933, shows you why. Another example of how Pennsalt chemicals help to make other products and processes safer... more economical—year after year.

Above, you see the concentrator's outer shell of lead-sheathed steel. And inside, an inner lining of acid-proof brick is rising, to protect the lead from the thermal shock, corrosion and mechanical abuse that promote "industrial ulcers."

But brick alone is only as protective as the cement which binds it together. And so these bricks are laid closely in Pennsalt's Penchlor® Acid-Proof Cement... a bond which neither shrinks nor "grows"...

which can give the same unfailing protection through many times the life of other cements.

Pennsalt has pioneered in the development of many new corrosion-resistant cements. In textile and chemical plants—refineries and pulp mills—in every industry, they are guarding millions upon millions of equipment dollars. Pennsalt has also pioneered many chemical products in industrial and household fields... insecticides, dairy cleaners and sanitizers, laundry compounds, metal cleaners, fluorides, acids, ammonia, chlorine, caustic soda... scores of others.

Almost every great industry is served by Pennsalt. We would like to apply our ingenuity and experience to your particular problem, too. Write: Pennsylvania Salt Manufacturing Company, 1000 Widener Building, Philadelphia 7, Pa.

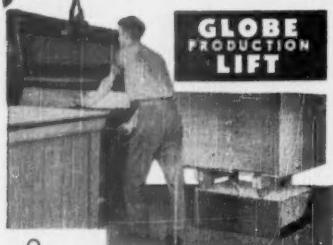
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- ★ NO WASTE MOTION



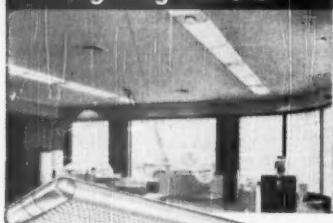
This automatic lift raises materials to elbow level for faster manual feeding. Cuts feeding costs 25% to 100% because lift keeps stockpile always flush with machine bed. Push button or foot control. Simple installation. Investigate the savings this can make in YOUR plant!



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VICE PRESIDENT INDUSTRIAL RELATIONS

Who's a Labor Relations Man?

The industrial relations executive is usually a student of economics, with an interest in psychology. He wants his successor to have academic training, factory experience—and outside interests.

The question of what makes an industrial relations executive has been pretty well probed. One of the latest surveys on the subject, conducted by the Industrial Relations section of the University of Minnesota, appeared in the May issue of Personnel—the publication of the American Management Assn.; it was entitled "Man Power Managers—Their Habits, Haunts, and Customs."

This and other surveys have told management a lot. Yet they left a few gaps in the composite profile of the labor relations man. In an effort to close some of these, BUSINESS WEEK conducted a survey of its own. It put some questions to a group of 38 business executives whose primary responsibility is labor relations and who rate among the top men in their field in America.

• **Groundwork**—The first question was: How old were you when you took on your present executive responsibilities?

Their answers varied from 27 years of age to 50; most of them were in their middle 40's.

Then they were asked how much formal education they had.

Their education ranged from an interrupted schooling in the primary grades to PhD.—five have law degrees, most have A.B.'s, 17 have done graduate work, one to earn an M.D.

Their most common field of aca-

demic study was economics. Psychology was second, business administration third, science and engineering, fourth. One majored in journalism, another in sociology, another in philosophy, and another in French.

Most of them joined the company with which they are presently associated in an employee relations capacity. The two other most important points of entry were sales and day labor jobs.

The major field of business experience for most of these men has been in employee relations; a few had their principal background in law, marketing, and manufacturing.

Only two have ever been union members, although a third took some pride in reporting that he was an honorary member of two labor organizations. Several answered the question as to whether they had ever been union members by saying, "Regrettably, no."

• **Contacts**—To the question, "What are the most useful sources of information which you find important in doing your job?" the most common answer was personal contacts—with other business executives, with professionals in the labor relations field, with employees and supervisors in their own company, and with union officials. Although many of them indicated that conference groups were useful, they stressed that off-the-record and informal meetings were especially valuable to them.

They considered the next most im-

portant sources of information magazines, and publications of such institutions as the AMA and the National Industrial Conference Board. Publications of special services and newspapers were also mentioned.

On fields in which these men read, the range of responses was almost unclassifiable. The subject in which interest appeared to be most widespread is psychology. Sociology, economics, history, and philosophy got frequent mention. Literature and political science also had their devotees. One said he reads in the field of religion; another in poetry; one reads comics; only one said he does only professional reading.

• **Picking a Successor**—The final question read as follows: "If you were going to hire your own replacement:

(a) What kind of academic training would you want him to have?
(b) What age would you want him to be?

(c) What work and/or union experience would you want him to have?
(d) What kind of 'outside the job' interests would you like him to have?"

Most of these men would require at least a bachelor's degree; enough of them demand graduate training to make it an asset.

Their interest in psychology was reflected in a demand that their potential successor have some academic training in this field. For each one who asked for academic training in business, another preferred an academic background in the liberal arts and humanities. Few would seek academic training in industrial relations.

Age requirements ranged from 30 to 55 years; most preferred a 40- to 45-year-old man.

• **On and Off the Job**—In their grouped opinion, the most important work experience their successor could have is factory labor. Next, they advocated supervisory experience. After these, the most frequently mentioned requirements were experience in union negotiating, in personnel work, and in administration. Most of them felt that whether their potential successor has been a union member or not is of little importance.

For outside interests, most of the executives would require that their potential successor be active in community and civic affairs. Political interests, cultural interests, active participation in professional societies, and recreational interests were frequently mentioned. One said that just so his successor was interested in people and a "proven extrovert," he would be satisfied. Another wrote that some interest was imperative, because "I know of no other company assignment where there is such a constant drain of nervous energy."

A black and white illustration of a woman with dark hair styled up, wearing a dark jacket over a light-colored blouse. She is holding a long, narrow, fanfold document that is partially unrolled. The document appears to be a continuous sheet of paper with multiple columns and rows of printed text, likely a form or ledger page. The background behind her is dark and textured.

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Sensitive photoelectric "eyes" open Stanley Magic Doors quietly when you approach. Doors close quickly after you pass through. This modern performance speeds traffic, gives employees extra "hands" to carry or guide, controls room temperatures, saves wear on doors and equipment . . . helps make your whole operation more efficient.

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STANLEY Reg. U.S. Pat. Off.	STANLEY MAGIC DOORS	The Stanley Works, Magic Door Div. 139 Lake Street, New Britain, Conn. Kindly send me full information on Stanley Magic Doors.
Your Name _____		
Firm's Name _____		
Street _____		
City _____		State _____

Reds Rejected

Plant outbreaks against party-liners mean less chance of Communist-inspired strikes. But employers face a new problem.

If the Communists had any hopes that American workers would respond to the party line on Korea, they have been roughly jolted. Militant anti-Communist outbreaks—particularly in auto and aircraft plants—have given a hardfisted answer to Communist bids for support.

This means that there's less chance of Communist-provoked wildcat strikes and sabotage than business feared. At the same time, management faces the problem of keeping order in its plants and avoiding liability for damages.

Since Korea, the anti-Communist demonstrations have popped up in many places, apparently spontaneously. For instance:

In Los Angeles, members of the United Auto Workers (CIO) beat up four alleged Communists and ousted them from the Chrysler plant. The workers said they intend to "clean house" of an estimated 49 Communists and sympathizers in the plant "before they make trouble."

In Milwaukee, three men who signed the Communists' "Stockholm peace petition" were forced by fellow workers to quit jobs at the Nash auto-body plant. One tried to return, suffered a fractured back when employees threw him out of the plant.

In Detroit, a couple distributing Communist pamphlets outside the Chevrolet gear and axle plant had to be rescued from angry workers by police. UAW "patrol" squads drove away eight workers with "peace" handouts. And Kaiser-Frazer workers gave a bum's rush to fellow UAW members who were attempting to distribute anti-atom-bomb leaflets.

In Linden, N. J., General Motors workers mauled and ousted four alleged Communists—then held a special union meeting to suspend them from UAW.

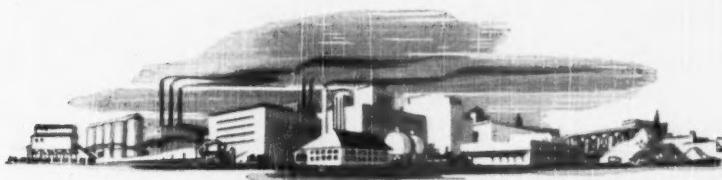
Elsewhere, in and around industrial plants, Communist literature was destroyed, party-liners were told to "get out—and stay out."

Pro-Communists protested the "persecution" of those who advocate "peaceful settlement of the Korean war." Management is back of the demonstrations, they charged; it uses "stooges within the union . . . to get rid of its most militant opposition," they said.

• **Reuther Acts**—UAW's anti-Communist president, Walter Reuther, stepped in. He called on union members to quit using violence to purge their plants



How to spend \$391.25 once and Save \$2160 Every Year!



This is the actual experience of a Harrisburg Pa. firm* that stopped the kind of profit loss which may be hidden in YOUR plant, too!

In a material handling survey, lubricating of machines came in for its share of attention. The head of production called in an Alemite Lubrication Engineer to help him spot possible ways to cut costs. They found a way to lubricate machines that added 30 minutes more production daily. The total investment in Alemite equipment was \$391.25! The saving in production time—in addition to a 60% reduction in lubricant used—comes to \$2160 a year!

*Name on request

No matter what size or type of plant you operate, Alemite can show you dozens of examples of amazing savings through more efficient handling of petroleum products. These are facts which you can readily confirm in your own time studies. Contact your local Alemite Industrial Distributor now. Or send for free booklet, "11 Ways to Cut Production Costs." Simply attach coupon below to your letterhead. Alemite, Dept. B-80, 1850 Diversey Parkway, Chicago 14, Ill.

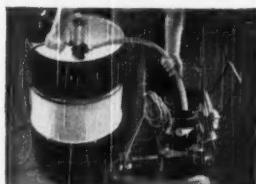
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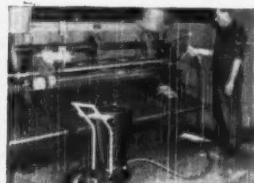
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by eliminating mess, expensive contamination—and cutting man hours 63% for every 100 pounds of lubricant transferred.



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by saving 3½ man hours for every 100 pounds of lubricant loaded into hand guns.



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by saving up to 23.9 man hours for every 100 pounds of lubricant applied to bearings.

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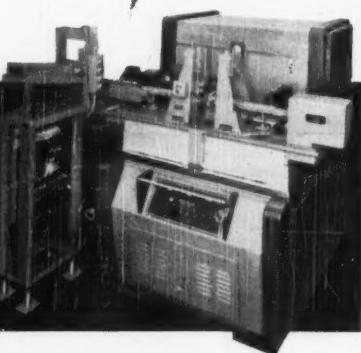
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HERE'S
**SHAFT
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AT THE RATE OF
410 FT./HR.*



This high-rate, low-unit-cost production schedule for parts, stems directly from the application of the most modern, efficient, dependable hardening technique . . . Westinghouse R-F Heating.

In an installation at a prominent automotive plant in Detroit, work-handling equipment, a Westinghouse Horizontal Scanner, was furnished to take full advantage of the capacity of the R-F generator. Incidentally, the Horizontal Scanner is designed to handle a wide range of shaft sizes and can be used with different generator ratings.

The first two installations proved so successful in full-time operation, that this plant now has purchased a third such Westinghouse R-F Heating Unit.

Production is of higher quality and at lower cost. Results like these are typical of Westinghouse R-F Heating.

Profitable heat for production is R-F heating. For R-F heating, the name to remember is Westinghouse.

For details, write to Westinghouse Electric Corp., Dept. BW-3, 2519 Wilkens Ave., Baltimore 3, Md. J-02216
*56" diameter SAE 1045 steel shafts



of reds; use "legal ways of dealing with anyone connected with the Communists," he urged.

At the same time, Reuther said UAW won't tolerate wildcat stoppages in war-order auto and plane plants. In 1941, while the Moscow-Berlin non-aggression pact was still in effect, Communist-inspired strikes slowed down the U.S. defense effort—notably at Allis-Chalmers' Milwaukee plant and North American Aviation's plant at Maywood, Calif. UAW leaders denounced both strikes as Communist-directed, but hesitated at firm, quick action to end the tieups. Reuther says it'll be different if Communists try to use the strike strategy this time.

• **Puzzler**—Meanwhile, the outbreaks pose a dilemma for management. The hot-tempered purges on company property may leave the employer open to damage suits and public criticism, the National Labor Relations Board warns. But if management takes police action to protect workers suspected of Communist sympathies, plant dissension and disturbances are sure to result.

New Pension Twist— Credits Go With Worker

To unions, the weakest point in current pension plans is this: A worker who leaves his job before he reaches 65 doesn't take his pension credits with him.

Recently, P. A. Geier Co., Cleveland, and the International Assn. of Machinists got around that objection. They signed a pension contract which provides continuing pension rights for employees who leave the company before retirement age.

The contract covers Geier's 400 employees—but it limits pension rights to those on the payroll five years or more after age 30. It provides for a \$2-a-month pension credit to be accumulated for every year a worker spends on the Geier payroll after 30, including retroactive credits for the five "qualifying" years. In this way, a worker retiring at 65 can get a maximum of 35 years' credits—or a \$70 monthly company-financed pension, not including what he gets in federal social-security benefits.

A qualified worker (one who has been on the Geier payroll for five years after he reaches 30) can quit at any time without losing pension credits. When he leaves Geier, he gets a paid-up annuity which will provide, at age 65, a \$2 monthly pension for each year he worked for Geier.

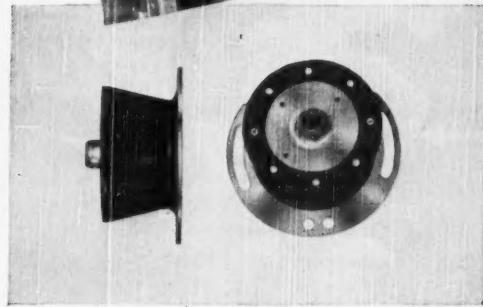
If he wants to, he can continue to make annual payments on the annuity, and in this way buy additional retirement credits.

NEW RUBBER SPRING PROVIDES UNIQUE BENEFITS

Used on new tractor seat, it eliminates slow-down from rider fatigue . . . increases production

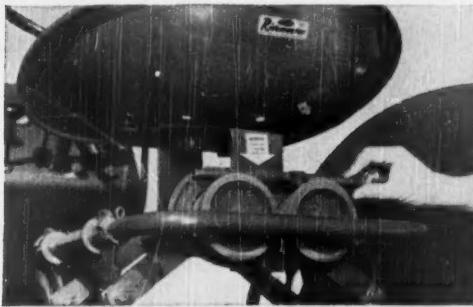


GOOD-BYE TO "ROUGH RIDING." As the tractor rides over rough ground, the seat's rubber torsional springs twist and turn with each jolt, cushioning shock and leveling out the sharp rebound. Result: less fatigue for the farmer . . . greater working efficiency . . . more daily output from the tractor in the same amount of time!



THE PRINCIPLE OF THE THING. These stabilizing springs operate on a torsional principle . . . consist of a thick layer of carefully compounded rubber, sandwiched between metal plates. Springs were especially developed by U. S. Rubber engineers for the manufacturers of this revolutionary new seat.

Hundreds of different products, from baby carriages to railway cars, can be improved by the use of the new U. S. Rubber Torsional Spring. It may well be that your own product, whether on the market or in the design stage, can obtain with this spring the competitive advantage it requires for real success. The tractor seat above is only one instance of how this versatile development aided a manufacturer. Ask "U. S." engineers to investigate its possibilities for your product. Write



SMOOTH SEAT FOR EVERYONE. A twist of this tie bolt and the seat spring can be adjusted to provide the utmost comfort for the slimiest farm girl or the huskiest male. Another good example of the results obtained by manufacturers who bring their problems to U. S. Rubber's engineering staff!

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Volume potential not less than \$500,000 a year. Patent protection desirable.

Our client, an internationally known eastern manufacturer, seeks employment for capital in lines close to its experience. Plans to consolidate in present facilities or operate a separate manufacturing division.

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Please write Department B enclosing this ad. Your reply will be held in confidence, if desired.

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Consultants in diversification and new products

LABOR BRIEFS

Navy intervention in a 14-week CIO steel union strike at American Steel Band Co., Bridgeville, Pa., brought parties to quick terms. Pact sets up insurance and pension coverage, provides 5¢ an hour for wage adjustments.

Ford umpire, Ronald W. Haughton, first named to handle only pension cases, will now arbitrate contract disputes as well. He'll assist Harry Schulman, the Ford-UAW contract umpire.

"Sleeping companions" in telephone exchanges (emergency standby operators) must be paid the legal hourly minimum—for sleeping. A Massachusetts wage board in Boston ordered Bell to hike sleepers' pay from a below-minimum \$21 to \$36.40 a week.

CIO convention, first set for Montreal, has been shifted to Chicago to spare leftist delegates border-crossing troubles. Convention opens Nov. 20.

Loan to Franco Spain is being attacked by CIO unions, with strongly anti-Communist auto workers and textile workers in the fore.

A labor-union directory just issued by BLS gives data on international unions, officers, conventions, publications, etc. It can be ordered for 25¢ from the Superintendent of Documents, Government Printing Office, Washington.

Quickie strikes protesting the jailing of Harry Bridges swept Hawaii this week—affecting all industries which deal with Bridges' leftist longshoremen's union. The government rescinded Bridges' bail, jailed him as a bad security risk while he appeals a perjury conviction, and loss of citizenship.

Risk Bonuses Are Back For Merchant Seamen



AFL and CIO seamen's unions acted quickly at the start of the Korean war to negotiate war risk riders for contracts. Their uniform agreements with shipping companies now call for double pay in "unsafe" waters around Korea (white area

above), plus life insurance and loss-of-property allowances. If a ship is attacked, seamen get bonus pay. The unions had similar clauses in World War II. Since the government is the big shipper, it will pay most of the added cost.

**Smart
idea!**

He makes a beautiful dream come true!



Dick Pope transforms a cypress swamp into a paradise of beauty with flowers and girls!

Beautiful Cypress Gardens was just a dream in 1933. But Ford Truck user Dick Pope dared to work for his dream. He transformed a cypress swamp near Winter Haven, Florida, into a garden spot visited by a half-million yearly.

"To clear a canal for boaters, we moved many tons of mud," says Dick. "To build a beach, we trucked white sand a hundred miles. We worked hard to build Cypress Gardens, and Ford Trucks did their share."



◀WATER-SKIING CHAMPIONS.

World, national and state champions participate in thrilling water shows at Cypress Gardens.

◀PUBLICITY-WISE Dick Pope attracts nation-wide attention to Cypress Gardens with girls, water shows, girls, flowers and girls.

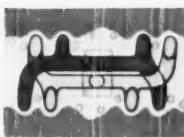
**Smart
move!**

He switches to new Ford Trucks—saves 12%!

"I've got many rare flowers and trees at Cypress Gardens," says Dick Pope, "but none of the ultra-rare money-growing kind. So, I've got to watch every nickel I spend."

"That's why I switched to new Ford Pickups. They cost less to run than any other trucks I ever had. This year, truck expense is down 12%. For my money, no other truck can match Ford for performance and economy."

**HERE'S WHY AMERICA'S NO. 1 TRUCK VALUE
WILL DO MORE PER DOLLAR FOR YOU!**



SAVE GAS. Ford "Short-Reach" manifolds on the V-8 assure more uniform, "fresh" delivery of fuel.



SAVE EFFORT. In Roll Action steering, needle bearings support roller for easier steering, less wear.

SAVE MONEY. Choose from over 175 models, 95-h.p. Pickup to 145-h.p. Big Jobs—two V-8 and two 6-cylinder engines—Engine-top setting of accessories for easier maintenance—Bonus Built reserve of strength and power for long life and economical performance.



BEAUTIFUL MODELS in crinoline costumes may pose in Cypress Gardens' paths, but a Ford Truck like this F-1 Pickup must work. Engine is a 100-h.p. V-8. (95-h.p. Six also available.) Million

Dollar Cab has lounge-type seats. Four airplane-type shock absorbers. Feather-foot brakes. Also available: 8-ft. Panel, 6½-ft. Stake, Chassis-Cab, Chassis-Cowl and Chassis-Windshields.



**Ford Trucking Costs Less Because—
FORD TRUCKS LAST LONGER**

Using latest registration data on 6,592,000 trucks, life insurance experts prove Ford Trucks last longer!



Photo by Dixon

"Everybody welcomes this idea!"

A NEW IDEA in dinnerware is being given a hearty welcome in thousands of American homes!

This new dinnerware is made of MELMAC® plastic, a remarkable material developed by American Cyanamid Company. It is unbelievably resistant to breakage. It has a colorful, lustrous beauty all its own. It fits perfectly into modern ideas for living and entertaining. And it is delightfully light and easy to care for.

Plastic manufacturers throughout the country are now producing MELMAC tableware in a variety of smart colors and designs. Its durability and lasting beauty have already been proven by use in many famous hotels and smart restaurants.

MELMAC plastic is one of several interesting and versatile molding compounds developed by Cyanamid for the molding industry—to bring new standards of quality and value to scores of everyday products.



AMERICAN *Cyanamid COMPANY*

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INTERNATIONAL OUTLOOK

BUSINESS WEEK
AUGUST 12, 1950



The U. S. is feeling for a major policy change in the Far East.

W. Averell Harriman's flying trip to MacArthur was the first probing. He went to get the latest look at the situation before President Truman takes up the Formosa problem.

Formosa is the hot spot right now. The U. S. must figure out how to keep a possible battle there localized. Our problem is to block both Chiang's and Stalin's efforts to drag us into China's civil war way beyond our ears.

Molotov right now is in Peiping trying to see that Russia and Red China act in concert.

So the U. S. must get its own course set straight. That won't be easy. We have to walk this narrow path: Recognize Chiang's provisional government on Formosa without underwriting his claim to all China.

The State Dept. says we must keep the Communists out of Formosa as long as U. S. troops are fighting in Korea. But it wants the President to make it crystal clear to the world that the U. S. isn't embracing Chiang all over again.

State argues that taking in Chiang would spell disaster in our relations with India and all the other anticolonial peoples of Asia.

And it might trap the U. S. into a knock-down-drag-out war with the Chinese Communists. That would take nearly all the manpower the U. S. could muster. It would leave Western Europe—apple of the Kremlin's eye—ripe for the picking.

Acheson is strongly against recognition of Red China now.

But even he realizes that sooner or later the U. S. will have to recognize Mao Tse-tung's regime if we are to keep a united western front in Asia.

It's likely Washington is still impressed with Nehru's view that there's some future chance that Mao will turn out to be a Chinese Tito. The Indian prime minister thinks that a bust-up between Moscow and Peiping is the West's only hope in Asia.

You can't bank on a Chinese Tito in the near future, of course. But complete western hostility to Red China would be a sure way to eliminate the possibility of one.

MacArthur is trying hard to sell the idea of all-out support for Chiang and Formosa.

But the Defense Dept. isn't buying MacArthur's line—at least not yet. The Pentagon wouldn't like to see its meager resources committed to such a shaky venture.

Military considerations were uppermost in MacArthur's mind when he made his surprise junket to Formosa.

He wanted to find out for himself just what was needed to bolster the island's defenses.

The visit brought a lot of joy to Chiang's followers. But it shocked the State Dept. and—to some extent—the President. So Harriman was hustled off to Tokyo to coordinate U. S. moves in the Far East.

Now Truman must make up his mind.

Persons close to the President say it's impossible to forecast what his

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
AUGUST 12, 1950

decision will be. But it's a good bet that after listening to all sides of the question, he will try to find a compromise.

It might be a decision to send Chiang some supplies and munitions; meantime, he would announce to the world that the move doesn't rule out U. S. recognition of the Communists later. He would stress that Chiang in no way represents U. S. policy in Asia, but merely a military position.

Indo-China is another burning problem for U. S. Far East policy.

How will we act if Ho Chi-minh's armies, backed by Red China, pull a full-dress attack on the French, Korean-style?

There are indications in Paris that shift in French policy toward Ho is possible. Jules Moch, new French defense minister and top anti-Communist strategist, seems to be pressing hard for a change. It could mean some kind of a compromise with Ho.

Meanwhile, it's rumored that Bao Dai, the Vietnamese emperor (now visiting in Paris), won't be returning to Saigon.

Don't expect the Russians to tone down their blistering attacks in the United Nations Security Council.

It's likely they will go even further in denouncing the U. S. The "atrocity" charges flung out this week are just a beginning.

U.N. observers see only two alternatives for the rest of the August meetings. Either the West will have to put up with Malik's obstructionism; or it will have to find a way of ousting him—and the U.S.S.R.—completely.

Meanwhile, Soviet bulldozing tactics are pressing the rest of the world closer together, rather than splitting it over the China issue.

Washington is pleased by the way West Europe is jumping on the defense bandwagon.

Britain plans \$9.5-billion in defense spending over the next three years; France is down for about \$5.8-billion. But both expect heavy transfusions of U. S. aid to do the job.

Altogether, the U. S. is hoping for a \$20-billion effort to beef up North Atlantic defenses. West Europeans will be counted on for about \$8-billion of it.

State and Defense Dept. planners think that \$20-billion will assure 35 to 40 divisions on the continent by 1952—if the Kremlin doesn't lower the boom first.

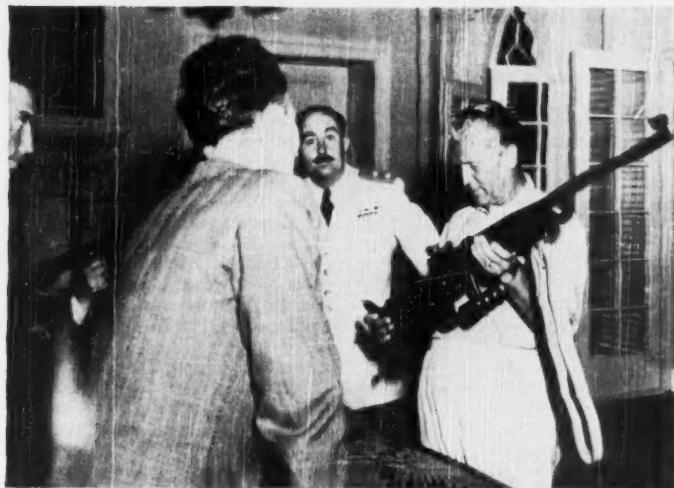
Shifting men and factories to arms production poses a knotty problem for Britain.

It means loss of export markets, undoing the work of Britain's "export or die" program. The top export industries—autos and machinery—will suffer most.

So some way must be found to safeguard British markets for the future—particularly in Latin America. Washington doesn't feel we ought to take them over just because British production is going all-out for defense.

One answer is export controls—keeping U. S. exporters from moving into Latin America. That's tough, but Administration economists don't want to ask for another Marshall Plan to build up the British markets all over again.

BUSINESS ABROAD



UNEASY THRONE: Tito stands watch outside—and inside—his borders.

Tito Retreats From Stalinism

A Russian threat on his borders, his economy breaking down, Tito is substituting "limited planning" for Soviet-style economics. Yugoslavia's one asset: 30 divisions.

Tito is easing up his communism. With the threat of invasion hanging over him, and a sticky economic mess on his hands at home, he is pushing "reforms" that make Tito communism an almost completely different thing from Stalin communism.

• **Tito's "New Deal"**—Tito desperately needs a stronger unity among his people if he hopes to hold his Balkan fort. He hasn't been getting cooperation lately. That's the reason for his promises of a "New Deal" for Yugoslavs. Tito also isn't adverse to plugging his "enlightened" and "progressive" economic policies in the western camp. He believes he has the time to see his home-front reforms through; he's pretty confident that World War III is not yet just around the corner.

Roughly, here's how the new policies add up:

- Reduce the Soviet-type total planned economy to a limited planning system. Tito is bent on breaking up rigid centralized bureaucracy; he will allow manufacturing industries to make their own plans on a provincial and even local basis.

- Replace the Russian state monopoly of all means of production by "ownership by the workers." This, according to Tito, is the only "true road

to socialism." What will happen is that factory management will be taken away from a political commissar and entrusted to a board of workers—chosen by the workers themselves—with authority to make plans and approve the balance sheet. There will be some technical specialists on the boards to help out.

- Halt compulsory collectivization of agriculture. No more wealthy peasants (*kulaks*) will be liquidated, seed and fertilizer will be distributed equally among the collectives and the "free peasants." And the tax burden will be eased.

- **Totalitarian Still**—Though Tito's reforms will undoubtedly impress a lot of Yugoslavs, no one in the West is kidding himself about the totalitarian character of his regime. Tito's Yugoslavia will fight, stand, or fall a Communist police state.

Washington policy toward Yugoslavia isn't going to change much as long as Tito continues to walk the East-West tightrope. It has been decided, though, that Tito is worth certain limited risks as a thorn in the Kremlin's side: That's why he's received two Export-Import Bank loans so far (BW-Mar.11'50,p137). It's possible that there will be another Ex-Im loan

of \$25-million coming up before long. But that's just about the limit of economic aid Tito can expect from the U.S. in the foreseeable future.

- **Arms Aid Sure**—Military aid is a different story. Yugoslavia is sure to get U.S. help—munitions or even armed intervention—in case of an overt attack, even though Tito has indicated he won't sign a formal alliance with the West. Two U.S. carriers are in the Mediterranean, and they could unleash their planes if Yugoslavia, Greece, or Turkey were invaded. Already, U.S. aviation gas, aircraft parts, and 1,200 surplus trucks from the stocks in West Germany have been made available. And the Bonn government is delivering \$1-million worth of former German army equipment.

In Belgrade, U.S. Ambassador George V. Allen is studying the possibilities of western intervention if Russia moves into Yugoslavia. Recently, Allen guided Greece and Yugoslavia to an agreement to open the vital rail line along the Vardar River from Yugoslavia to the Greek port of Salonika. The old Hitler military highway is being opened up, too. Yugoslavia may also get a free port zone at the Greek harbor. It would be a lifesaver in case of attack.

- **Secure From Satellites**—Tito hasn't much chance of stemming a full-dress invasion by Russian armies. In that event, he would probably take to the hills of Montenegro, Bosnia, and Herzegovina and hold out there much as he did in World War II. But if only the saber-rattling satellites were to descend on him, Tito feels he could handle the situation. The armies of Hungary, Bulgaria, Romania, and little Albania are no match for Tito's fully organized, fairly well-armed 30 divisions plus. And as long as they don't have to face Russian planes, Tito's 700 odd airplanes will rule the Balkan skies. Yugoslav war plants are producing enough light arms for an army of 500,000; they are even turning out tanks modeled on the tough Soviet T-34.

- **Harassed Home Front**—But the arms industry is the only bright spot on Yugoslavia's economic horizon. Right now, Tito has on his hands (1) angry, rioting peasants; (2) broken-down machinery and empty factories; and (3) a foreign exchange reserve that's fast ebbing away. The hyperambitious Five Year Plan to industrialize Yugoslavia brought foolhardy investment, reckless spending for a ponderous bureaucracy and police force—complicated always by a military budget that bit off at least 50% of the national income each year.

The toughest of these problems is the peasantry. These rugged individualists know Tito won't strike at them as long as Moscow has Yugoslavia pinned

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July 31, 1950



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down—so they've resisted taxation and collectivization with all the old peasant tricks. Thanks to them, the spring sowing campaign fizzled badly. In Serbia, only 60% of the arable land was seeded; in Bosnia-Herzegovina, only 45% to 50%. A drought added to the troubles.

The bitter fight of the "free peasants" (who still hold 80% of Yugoslavia's farm land) was paralleled by decreased production on the collectives due to shortages of equipment, fertilizer, seed, and manpower. City folk, who have to depend on the black market for food, were paying 100 dinars (about \$2) for a kilogram of bread, 800 dinars for butter, 500 for sugar; this on an average monthly wage of 4,500 dinars.

• **Low Productivity**—Industrially, the situation is almost as bad. Manufacture of consumer goods is just about stopped dead. An ordinary darning needle is a family treasure in Titoland. Many of the highly advertised Five Year Plan buildings are empty shells, unfinished because there's no labor, steel, or machinery to fill them. Yugoslavia's peasant population hasn't taken too readily to industrial skills—what they do know came from hurried cram courses. As a result, productivity is so low that the cost of a finished product is five to 10 times higher than in the U.S. Besides, much of the skilled labor is always busy fixing up broken machinery.

• **Vanishing Foreign Exchange**—Yugoslavia's rapidly vanishing foreign ex-

change reserve is another ominous cloud. It's reported that no less an authority than the chief Yugoslav economic planner, Boris Kidrich, has said that the reserves of foreign currency will be exhausted come October. That means real trouble for Tito unless some credits are fast forthcoming from the U.S.

Even the credits that come as part of Tito's numerous trade agreements will be gone by that time. Tito has always boasted that his trade deals with the West could replace those with eastern Europe, cut off completely by the Cominform blackball. This might be correct—on paper. But the intra-satellite trade was pure barter: Yugoslavia didn't need to have foreign currency to spend in order to get machine tools from Czechoslovakia, or oil from Romania.

• **Cash and Carry**—Most of Tito's western trade is on a cash and carry basis. When agreements were concluded with West Germany, Britain, Italy, and Austria, Tito committed himself to boost agricultural and mining production by 30% in 1950 and 1951. Now, with the quantity of exportable food decreasing and mining production waning, Yugoslavia may be obliged to renege on its trade agreement figures; and it won't be able to import more than 60% of what it planned. In desperation, Yugoslavs are pushing lumber exports to a point where the arable land in Bosnia and Herzegovina is being threatened with destruction from dust storms and floods.

The Bachelor's Dilemma

By Shirley Collinge

The Canadian Bank of Commerce

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supplements. The only reference to the bank is at the end of each story: "Published by the Canadian Bank of Commerce because we liked it." And so far, there don't seem to be any plugs for the bank hidden away in the stories.



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MEXICAN MOPPET is televised as station XHTV, Mexico City, goes on the air.

Latin America Gets First TV

Mexico City station is first to start commercial broadcasts. Sales of U.S. transmitters mean big market for American set makers.

It looks as if Mexico has come up winner in Latin America's red-hot television race. Last week, station XHTV started regular commercial telecasts in Mexico City. On Sunday, it took its cameras to the city's bull ring—Plaza Mexico—for the world's first televised bullfight.

The Latin American race has been a real scramble. Three other stations in Mexico, two in Brazil (Rio de Janeiro and Sao Paulo), and two in Cuba are hurrying to get under way. Several of them expect to be operating by fall.

This TV boom has already caused one full-blown international incident. At Tijuana, a stone's throw across the border from San Diego, a Mexican operator is planning to start transmissions on channel six (BW-Jun. 17'50, p66). The rub is that San Diego has counted on using the same channel. U.S. and Mexican authorities are in effect now to try to iron out the conflict.

• **Sponsors Signed**—Mexico City's new station is run by Romulo O'Farrill, Jr., whose father owns the local newspaper, *Novedades*. With transmitters atop the National Lottery Building (the highest in town), it can blanket just about every home in the Mexico City area.

Besides staple fare such as bullfights, XHTV will present live talent shows, plus many ancient films from the U.S.

It already has lined up some sponsors—Coca-Cola, LAMSA (a Mexican airline), and Goodrich Tires. Though the station is operating commercially now, its official inaugural won't come until Sept. 3, when it will televise President Almán's annual message to the nation from the Mexican Congress.

• **U.S. Sale**—Almost all XHTV's equipment came from Radio Corp. of America. Besides a team to erect the station, RCA sent along a crew to teach the Mexicans the fine arts of publicity. RCA's tub-thumpers had a mobile TV unit—the first in Latin America—cruising around the city for days before the station opened. And as an added demonstration, the company got the Mayor of Camden, N.J. (RCA's hometown) to send congratulations to the mayor of Mexico City.

• **Only the Beginning**—Though TV companies are generally blasé when it comes to booms, most of them expect big things in Latin America—provided industrial mobilization doesn't cramp TV set production. For a starter, RCA has supplied equipment for two Mexican stations, plus the one in Sao Paulo, Brazil, and one in Cuba. General Electric has been working on another Mexican station, and right now is building Rio's installation, which involves an antenna on top of Sugarloaf

Mountain. Allen B. DuMont Laboratories, Inc., which has supplied some transmitting equipment in Mexico and Brazil, says it has several more deals on the fire.

In the U.S., TV men are congratulating themselves on selling most of Latin America on the U.S. system of television, rather than the British. The British had canvassed the field for months and, for a while, seemed to have the upper hand because of the dollar shortage. If the British had won, it would have meant a much smaller market for U.S. receivers, as well as transmitters, for the two systems are just enough different to keep one country's receivers from receiving the other's transmitters. As it is, American manufacturers now have practically an open field for their sets.

Total sets in Mexico today probably don't come to more than 2,000. Last June, the government O.K.'d foreign-exchange and import licenses for 10,000 sets from U.S. manufacturers. The bulk of the permits went to RCA, GE, and Philco (BW-Jun.24'50,p118). But so far, only a few sets have been shipped; GE and RCA say they haven't sent more than 400 to 500 apiece.

• **Slowdown**—One problem that will slow delivery of sets to the public is that only a few of the imported receivers will arrive completely assembled. Out of RCA's allotment of 2,100 receivers, all but 400 will arrive as chassis only. Cabinets and attachments must be added in Mexico.

As Mexico's TV boom gains momentum, more sets will be allowed in (there's talk of some 40,000 for next 12 months). But the Mexicans will insist that most of them come in as knocked-down units to be assembled on arrival. Before long, U.S. TV men figure, not only cabinets but many components will have to be bought in Mexico. Finally, when only a couple of key parts are U.S.-built, Mexico will be able to boast of a television industry of its own.

• **Theaters**—One way to get around the set shortage is to have video theaters. Emilio Azcarraga, Mexico's top entertainment mogul (he owns radio, theaters, is president of Mexico's biggest movie studio), has been talking about setting up three of them, seating 2,500 persons each. Besides the theaters, Azcarraga would have his own TV station, XEW, which he hopes to have operating by September.

Azcarraga's latest venture is the Pan-American Television Corp., set up to supply TV fare for the whole of Latin America. PanAm Television will grind out some movies, will also dub Spanish onto films acquired in the U.S. Azcarraga says he will be servicing 600 stations all over Latin America by 1957. Industry people think that if Latin

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American TV grows as fast as radio did, his prediction won't be out of line at all.

In Mexico City, for instance, there are more radio stations than in any other city in the world; competition is so hot that the stations offer station-break commercials for as little as \$1.15 each. And yet all of them manage to stay in business—with no subsidies.

BUSINESS ABROAD BRIEFS

Want an aluminum plant in Germany? State Dept. is dismantling one under the German reparations agreement, offers it to any U.S. buyer who's willing to plunk down cash. In "good condition," the plant can turn out about 19,800 tons yearly.

Communists and wine growers finally whooped the anti-Coca-Cola bill through the French National Assembly (BW-Apr. 1'50,p101). But it's up to the government to enforce it, and there isn't a chance that it will.

Saudi Arabia got a \$15-million loan from the Export-Import Bank. It will buy U.S. equipment for transport, power, health, and farm facilities.

Mexico is out for more coffee business. The National Coffee Growers Commission says that over five-million new trees have been planted since January, and plenty more are coming.

Foreign capital may soon find a welcome sign hung out in Egypt. Economists there are set to eliminate the requirement that foreign companies have 51% Egyptian capital.

A newsprint mill—badly needed in Canada (BW-Jul. 8'50,p102)—will go up in British Columbia. It will be operating within two years, turn out 300 tons daily to start.

Colombia is worried about U.S. mobilization. Its government has O.K.'d an extra \$13-million worth of imports of "supercritical" materials to forestall possible shortages.

U.S.-British movie muddle has finally been settled (BW-Jul. 15'50,p108). Now Hollywood can convert an estimated \$21-million of its sterling earnings—instead of the \$17-million it has been held to in the past. The British have promised no more taxes, tariffs, quotas, embargoes that will hurt U.S. films.



BRITISH JEEP takes a bow.

Smooth and Tough

British counterpart of U.S. Jeep weighs more, but it jounces less. And it will save Britain some dollars.

British Tommies aren't going to have to jounce around in the ruddy Yankee Jeep any longer; they've got one of their own—and it doesn't jounce.

The new vehicle just recently had a chance to show off its paces. The Ministry of Supply's Fighting Vehicle Office took it out to the proving grounds at Bagshot Heath, ran it over tank ruts and potholes.

• **Performance Up**—The British say that they designed the new car for much the same uses as the U.S. Jeep but that they've jacked up performance all around. The major improvement, they say, is holding the road and giving a smooth ride. Though the car weighs 900 lb. more than its U.S. cousin, it didn't bog down on the axles once during the trials. And it was fully loaded. BUSINESS WEEK's London correspondent said that this car's smooth ride "had to be experienced to be believed."

Another advantage is roominess: It holds four persons, with gear.

The prototype was built by the Nuffield Organization; contracts are now being let to several motor manufacturers. The car has a four-cylinder, 80-hp. powerplant developed from the postwar Rolls-Royce six-cylinder engine. It can make 60 mph. on a smooth surface. It has a four-wheel drive, a five-speed gearbox, with all speeds available in reverse. (The British didn't indicate why anyone would want to shift into high while going backward.)

• **Dollar Saver**—The new Jeep will save dollars for the British Treasury. In the past, the British have depended almost entirely on the U.S. model.

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Are We Ready for a Garrison State?

The President's midyear economic report obviously underwent some hasty and extensive rewriting after the Korean crisis broke on June 25.

What was to be a happy recounting of the high prosperity of the first half of 1950—in sharp contrast to a year ago—became a somber document on economic mobilization for war.

The report, based on an accompanying analysis by the Council of Economic Advisers, deals mainly with the question of how drastic an economic policy is required by the emergency. The President's view of policy suitable to the developing situation is foreshadowed in an opening paragraph: "While it should not lag behind, it should not run blindly ahead."

All-Out Controls or Not?

As his earlier message to Congress revealed, Truman believes that Korea is a 10% war which will not bring the tragedy nor require the all-out effort of a World War III. He is confident that his program of partial economic controls (BW—Jul. 22'50, p19) together with a normal expansion in output will meet the need.

Contesting the President's view of suitable economic policy is one based on a far grimmer outlook. It is simply that Korea is the beginning of Armageddon or, at least, of such a series of threats to the free world that Truman's initial \$10.5-billion program—already grown by \$5-billion for additional Navy planes and foreign military aid—will soon look like a small down payment.

This group calls for complete economic mobilization with full controls. Its most effective spokesman is Bernard Baruch, whose appearance before the House Banking & Currency Committee seems to have changed the President's powers under the Defense Production Act of 1950 from limited to total mobilization authority.

Conferring on the President complete standby powers over wages, prices, and rationing, and leaving with him the decision as to when to use the power may not be as neat a solution of the control problem as it appears.

It is clear that the one reason Truman did not want such standby powers over prices, wages, and rationing is simply that he would be pressured into using them regardless of the wisdom of such action. While the reason he didn't request such powers undoubtedly goes back to his unhappy OPA experiences just before another Congressional election in 1946 and his lack of relish for wage controls at any time, a very good reason why he should not have asked for them is that the people were not yet prepared by catastrophic events for their imposition.

Direct controls of this type are effective only in the degree that people are ready to abide by them. There is no magic in such gadgets unless they represent an expression of the popular will. Such interventions run

against the American grain, and only tremendous events, beyond those yet brought home to the average American, will make them work over any sustained period.

It should be stated frankly, however—and this is something that the President omitted to tell Congress and the people in his economic report: This more flexible type of economic policy carries a penalty with it—some advance in prices and in the cost of the war. The first impact of the emergency has driven prices up sharply—aided by scare buying. It has been estimated that the average of wholesale prices may rise by 5% to 7% by the end of this year if prices are allowed to seek their own levels. Is this advance too much to pay for the freedom it leaves to American citizens? Can it be restrained by proper fiscal measures? Can profiteering be dealt with?

And What About Taxes?

Questions like these lead immediately into another major portion of the President's economic report—tax policy. He summarizes his recent tax proposals to Congress: (1) restoration of personal income-tax rates to their World War II peak levels (tempered, of course, by the split-income provision); (2) stepping up the normal rate on corporate income.

These proposals, necessary as they are, serve only to dramatize to the American taxpayer that new sacrifices must be made. Still more will be required of him. But a courageous and wise tax policy can deal effectively with inflation and thereby reduce its confiscatory effect on the fruits of one's labor.

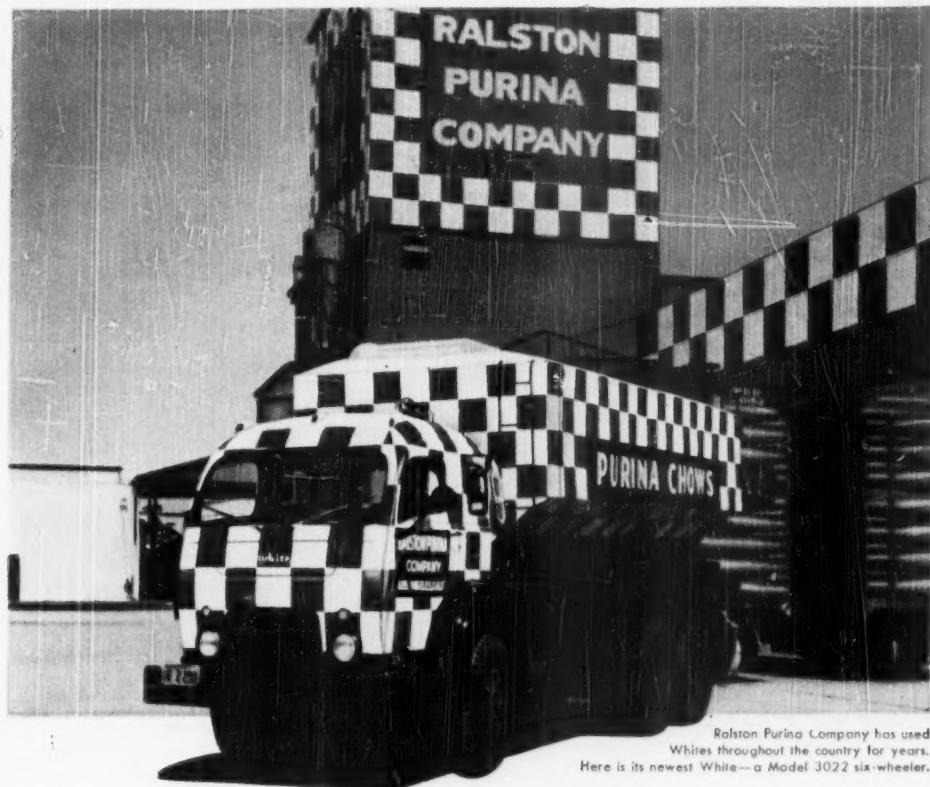
But real questions are raised by the President's tax bill. How do we reconcile the requirements of fighting inflation with the idea of ability-to-pay so firmly built into our tax structure?

The higher rate on corporate income may reduce the demand for steel and thus hold down pressure on steel prices, but is it going to hold down the price of roast beef? Will higher personal income-tax rates on the middle and upper bracket do it? Hardly. The price of food, the crucial item, is most closely related to industrial payrolls.

There is little doubt that we will have an excess-profits tax. It is an accepted symbol of taking the profit out of war. But we must do much better than we did in World War II and better than our current thinking suggests in devising ways to keep consumer spending power from generating inflationary pressure that can be contained only by elaborate direct controls until the day they are released. Genuine support of a payroll savings system for U. S. Savings Bond buying may defer the day of forced savings of some sort. Meeting the inflation threat through the tax system is an urgent problem for Americans.

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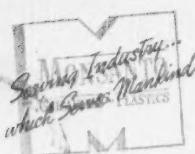
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